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CONTENTS

USSR - CEMA TRADE

- IIB Session Results in New Credits for CEMA States
(Nikolai Blinkov; FOREIGN TRADE, Mar 83) 1

USSR-EAST EUROPE BILATERAL TRADE

- Soviet Foreign Trade Official on Trade With Vietnam
(I. Grishin; EKONOMICHESKAYA GAZETA, Apr 83) 3
- Signing of Trade Protocol for 1983 With CSSR
(FOREIGN TRADE, Mar 83) 6
- Briefs
- Ships From GDR 7
 - Equipment for Romania 7
 - Agricultural Equipment Deliveries 7
 - Soviet-Polish Trade 8

TRADE WITH INDUSTRIALIZED COUNTRIES

- Soviet-FRG Trade Continues To Grow
(Various sources, various dates) 9
- Aggregate Data, by Vasili Chistov
Specific Items
- Development of Soviet-Japanese Trade Reviewed
(Various sources, various dates) 19
- USSR Representative, by Viktor Spandaryan
Moscow Meeting, by Mikhail Demchenko

TRADE WITH LDC'S

Soviet Assistance to Asian LDC's Highlighted (Iliodor Kulyov; ASIA AND AFRICA TODAY, Nov-Dec 82)	27
---	----

GENERAL

European Monetary System Discussed (Andrei Zverev; FOREIGN TRADE, Feb 83)	31
Role of Individual SSR's in Soviet Foreign Trade (Dmitri Gorbatenko, Vladimir Savin; FOREIGN TRADE, Mar 83)	45
Discussion, Text of Statute on Trade Representations (Oleg Kozhevnikov; FOREIGN TRADE, Feb 83)	57

IIB SESSION RESULTS IN NEW CREDITS FOR CEMA STATES

Moscow FOREIGN TRADE in English No 3, Mar 83 p 26

[Article by Nikolai Blinkov]

[Text] Last October the Council of the International Investment Bank held its 31st session in Berlin, participants to the session being delegations from the Bank's member-countries — Bulgaria, Cuba, Czechoslovakia, the GDR, Hungary, Mongolia, Poland, Romania, the Soviet Union and Vietnam. Representatives of the Secretariat of the Council for Mutual Economic Assistance and the International Bank for Economic Cooperation were present. The session was chaired by Matyas Timar, the leader of the Hungarian delegation, President of the National Bank of Hungary.

The Council approved new projects ready for crediting: in the Hungarian People's Republic — prospecting for oil and gas in the southern part of the Great Alfold (Great Hungarian plain); the People's Republic of Bulgaria — modernization, reconstruction and expansion of the Zvezda (Star) steering gear plant in Lukovit and the M. Shatorov storage battery works in Pazardzhik.

• It was the first time that the Bank's Council took a decision on granting credits for oil and gas prospecting.

The expansion of the CMEA member-countries' fuel, power and raw material base is of great importance for developing their national economies and the implementation of the Comprehensive Programme of socialist economic integration.

The Long-Term Specific Programme of Cooperation meeting the CMEA member-countries' economically substantiated requirements for the main types of energy, fuel and raw materials for the period up to 1990 envisages each country's increased production of oil and gas by extracting them more fully from the deposits already developed, wider search for and the development of new oil and gas fields, including those at great depths.

The use by Hungary of the IIB credits for the purchase, installation and putting into operation of modern equipment necessary for search and prospecting for oil and gas will make it possible to achieve the planned volume of their output.

By using the Bank's credit, the Transport Machine Building, a Bulgarian state economic association, intends to expand the production of steering gear components for auto trucks and electro cars and to arrange the production of steering gear for MAZ trucks made in the USSR at the Minsk Motor Works.

The main purpose of the credit is to increase the production of diesel trucks. The Bank granted a credit for this on the basis of a decision made at the Council's 30th meeting (April 1982). In addition, the modernization, reconstruction and expansion of the steering gear works in Lukovit is to meet the Bank member-countries' demands for auto trucks and steering gear mechanisms.

The Bulgarian state economic association, Transport Machine Building, also includes the M. Shatorov battery factory in Pazardzhik, Bulgaria's main works manufacturing batteries for electro cars as well as those for motor vehicles and motor cycles. The Bank's credit will be used to increase the production of vehicle storage batteries that will have better technical and qualitative characteristics and meet the higher demands brought by scientific and technological progress.

Parallel with satisfying Bulgaria's own needs it is envisaged that more of these products will be exported to the Bank's members.

Investments in the Transport Machine Building association are effected under the multilateral and bilateral agreements concerning the manufacture of loading and unloading devices signed by the CMEA member-countries.

Thus, the 81 projects, earlier accepted for crediting in the CMEA member-countries and Yugoslavia with a total estimated value exceeding 9,000 million transferable rubles, have been added to by three more projects: one in Hungary and two in Bulgaria.

The IIB Council's 31st meeting also approved a plan of crediting for 1983 and took decisions on other matters of its activity.

The Bank Council's meeting was held in an atmosphere of full mutual understanding and businesslike cooperation.

The leaders of the delegations in the Councils of the International Investment Bank and the International Bank for Economic Cooperation (the IBEC Council's meeting was also held in Berlin) visited the "October the Seventh"

machine-tool firm. The IIB credits are being used to help the complex expand and modernize capacities producing metal-cutting machines. Representatives from the Bank and the machine tool firm exchanged opinions on matters that would ensure efficient use of the capital investments and intensify production.

The leaders of the delegations were received by Willi Stoph, Chairman of the Council of Ministers of the GDR, who spoke on the progress made in implementing the decisions of the 10th SUPG Congress on developing the national economy and confirmed the GDR's firm determination to advance its cooperation with the Soviet Union and other countries of the socialist community and to secure peace. He emphasized the importance of socialist economic integration and appraised both international banks' contribution to promoting this process.

V.S. Alkhimov, President of the Board of the USSR State Bank, on behalf of all delegations spoke about the Banks Councils' meetings and the constructive activities of all delegations.

Unanimous positive opinion was expressed on the fact that the intensification of social production on the basis of scientific and technological progress and utilization of socialist economic integration provided advantages which assured the stable progressive development of all the fraternal countries' economies. With all the above in mind the CMEA member-countries' banks and both international banks will take measures to promote socialist currency and financial relations on the basis of the collective currency — the transferable ruble.

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CSO: 1812/151

USSR-EAST EUROPE BILATERAL TRADE

SOVIET FOREIGN TRADE OFFICIAL ON TRADE WITH VIETNAM

Moscow EKONOMICHESKAYA GAZETA in Russian No 14, Apr 83 p 21

[Article by I. Grishin, USSR deputy minister of foreign trade: "USSR-Socialist Republic of Vietnam: Dynamic Economic Relations"]

[Text] Twenty-five years have passed since the signing of the Soviet-Vietnam Trade and Navigation Treaty which marked the beginning of a new stage in the development of trade relations between the two countries. It embodies relations of a new type founded on the principles of proletarian internationalism, mutual trust, and mutual advantage.

The quarter of a century of the Treaty's effect has confirmed its enormous tactical importance. At all of the stages of the development of Soviet-Vietnamese cooperation--during the healing of the wounds of the 9-year War of Resistance to the French colonizers and the creation of the material and technical base of socialism in the country's northern provinces, during the stern years of the Vietnamese people's struggle against the aggression of American imperialism, and during socialist construction in reunited Vietnam--the Treaty has effectively served and continues to serve the progressive development of Soviet-Vietnamese trade.

The continual growth of commodity exchange between our countries which is being accompanied by an expansion of the products list of the goods they supply to one another and by a chain in the structure of exports and imports is a graphic illustration of this.

Whereas in 1958, that is, the year of the signing of the Treaty, Soviet-Vietnamese commodity exchange came to only 16.3 million rubles, by 1975, or within a period of 17 years, it had increased by almost 13 times, coming to 206.5 million rubles. At the basis of this increase during this period of difficulty for the Vietnamese economy which demanded the mobilization of all internal and external resources in order to organize a rebuff to the aggressive intrigues of the United States there was, above all, an increase in Soviet deliveries. During these years the USSR supplied machinery and equipment, industrial raw materials, petroleum products, foods, chemicals, medicines, and consumer goods. Vietnam, in its turn, exported small quantities of tropical agriculture output, sewn and knitted products, and other goods to the Soviet Union.

Soviet-Vietnamese trade and economic cooperation developed especially dynamically after the reunification of Vietnam and the formation in June 1976 of the Socialist Republic of Vietnam. From that time on the economic relations between our countries began to be effected on the basis of long-term agreements. During the period of effect of the first such agreement in 1976-1980 commodity exchange between the USSR and the Socialist Republic of Vietnam increased from 296.1 million rubles to 612.4 million rubles, or by 2.1 times. In addition, Soviet imports from Vietnam grew at outstripping rates: during these five years it increased by 2.5 times. The increase in the amount of our deliveries occurred chiefly on the basis of an increase of machinery and equipment exports; moreover, 50.2 percent of the commodity supplies from this group was comprised of equipment and materials for objects being built in Vietnam with Soviet technical assistance.

Growth of Commodity Change Between the USSR and Socialist Republic of Vietnam
(Millions of rubles)

1958	16.3
1975	206.5
1980	612.4
1981	891.8
1982	1,011.0

Along with a quantitative growth in mutual commodity turnover, in recent years a qualitative improvement and the establishment of new forms have become a characteristic feature of the development of economic relations between our countries. In particular, since 1977 cooperation has been successfully developing on the basis of the processing in Vietnam of Soviet cotton and wool raw materials and of deliveries to the USSR of finished products (yarn, clothing and knitted goods, wool rugs). During this same period they began an annually increasing delivery of individual goods from the Socialist Republic of Vietnam to the USSR as compensation for the Soviet Union's expenditures to provide Vietnam with technical assistance in the construction of enterprises which produce these goods. During the current 5-year plan which began in 1977 a new content has filled the cooperation of our countries in further improving the organization of technical servicing for the machinery, equipment, and instruments which are supplied from the USSR to the Socialist Republic of Vietnam.

In 1981 the list of new forms of trade cooperation between our countries received the addition of yet another: a joint Soviet-Vietnamese enterprise was formed for the performance of geological surveying work and the extraction of petroleum and gas on the continental shelf of the south of the Socialist Republic of Vietnam. These directions of Soviet-Vietnamese cooperation are actively promoting a growth of commodity exchange between our two countries.

The tendency of previous years toward a stable growth of Soviet-Vietnamese commodity exchange is being maintained during the current 5-year plan. In accordance with a USSR-Socialist Republic of Vietnam agreement on commodity exchange and payments for the years 1981-1985 which was signed on 30 July 1981,

the amount of mutual goods deliveries during the five years is planned to increase by almost 90 percent compared with 1976-1980. This growth is slated to be achieved both on the basis of an increase of deliveries to Vietnam of Soviet goods, including petroleum products, fertilizers, rolled ferrous metals, motor vehicles, road construction equipment, cotton, and paper, and an increase in the amount of Vietnamese goods deliveries, particularly, timber materials, coffee, tea, fruits and vegetables, and consumer goods.

The orientation of the two countries toward a dynamic development of mutual commodity exchange during the current 5-year plan has already found a practical confirmation in 1981 and 1982. In 1981 the commodity turnover between the USSR and the Socialist Republic of Vietnam came to almost 892 million rubles, and in 1982--1,011,000,000 rubles. More than one-third of Soviet exports to Vietnam during these years was accounted for by machinery and equipment. A substantial amount of these items was supplied to objects being built in the Socialist Republic of Vietnam by the two countries, including the hydro-center on the Da (Black) River, the "Falay" Thermal Electric Power Station, the 486 kilometer Falay-Vin' Electric Transmission Line, the Laokay Appetit Mine, the superphosphate plant in Lamtkhao, the machinery plant in Hanoi, and the bridge across the Red River. In addition, the Socialist Republic of Vietnam received petroleum products, cotton fibers, rolled ferrous metals, nitrogen fertilizers, and other goods.

The basic imports from Vietnam were natural rubber, parquet frieze, tea, coffee, garment and knitted products, and rugs and mats. Although the Socialist Republic of Vietnam's share in total USSR imports in 1981-1982 was small, deliveries of individual Vietnamese goods played a definite role in meeting the import needs of the USSR economy.

The results of the 25-year effect of the Soviet-Vietnamese Trade and Sailing Agreement convincingly demonstrate that this document has made and continues to make an active contribution to the development of economic trade cooperation between the USSR and the Socialist Republic of Vietnam in the work of communist and socialist construction in our countries.

2959

CSO: 1825/31

USSR-EAST EUROPE BILATERAL TRADE

SIGNING OF TRADE PROTOCOL FOR 1983 WITH CSSR

Moscow FOREIGN TRADE in English No 3, Mar 83 p 6

[Text] Negotiations between the governmental delegations of the USSR and Czechoslovakia were fruitfully concluded with the signing of trade protocol for 1983 on December 1, 1982, in Moscow.

The Protocol is the outcome of the two countries' obligations undertaken in the Agreement on Trade and Payments between the USSR and Czechoslovakia for the 1981-1985 period and other economic arrangements. It consolidates the positive results obtained from the mutually advantageous economic cooperation while implementing the Comprehensive Programme for the Further Extension and Improvement of Cooperation and the Development of Socialist Economic Integration by the CMEA member-countries.

The guidelines taken for the preparation of the Protocol were the decisions of the 26th CPSU Congress and the 16th Congress of the Communist Party of Czechoslovakia.

The trade turnover envisaged for 1983 is to top 10,500 million rubles, exceeding the current-year sum 12 per cent.

Specialization and cooperation in production between the USSR and Czechoslovakia will be furthered, primarily in mechanical engineering, as this will accelerate the introduction of new manufacturing processes into both countries' various industries.

In 1982 the USSR will export to Czechoslovakia many kinds of machines, transport facilities, industrial equipment and instruments. The Soviet Union will continue supplying Czechoslovakia with basic raw and other materials to ensure the further development of Czechoslovakia's national

economy. The deliveries will include oil, natural gas, coal, iron ore, metals, cotton, chemicals and electricity.

Czechoslovakia's main deliveries to the USSR are taken by machines, equipment, transport facilities and instruments and this country will continue its supplies of large-diameter steel pipes, chemicals and other materials pertinent to the USSR economy and also consumer goods, such as footwear, garments, furniture, leather haberdashery.

Work on the transit of Soviet natural gas via Czechoslovak territory to West European countries is to go ahead.

During the negotiations understanding was reached that the parties would continue their efforts to promote trade between the two countries in 1983.

Fulfillment of the commitments on goods mutual deliveries, as envisaged by the Protocol, will be conducive to the balanced developing of both countries' economies, increasing production efficiency, and satisfying the growing needs of the Soviet Union's and Czechoslovakia's population for consumer goods more fully.

The negotiations were held in a fruitful atmosphere of friendship, comradely mutual understanding and businesslike cooperation.

The Protocol was signed by N.S. Patolich, Minister of Foreign Trade, on behalf of the USSR Government and B. Urban, Minister of Foreign Trade, on behalf of the Government of Czechoslovakia.

Cesmir Lovetinsky, Czechoslovakian Ambassador in the USSR, attended signing ceremony.

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USSR-EAST EUROPE BILATERAL TRADE

BRIEFS

SHIPS FROM GDR--The first serial refrigerator trawler of the "Atlantic-333" type which has been manufactured for our country has been launched at the "Volkswerft" (GDR) dock. It is equipped with the latest equipment for catching and processing fish. At another GDR dock, "Varnov-Werft" in Varnemyund, Soviet clients have been given the first maritime container carrier of the "Mercur-2" series, and the shipbuilders of the dock imeni Matias Tezen in Wismar have put an improved version of the "Kristall-2" floating base into production for the purpose of providing satisfaction for investors. This year, in accordance with contracts by the All-Union "Sudoimport" Foreign Trade Association and the "Schiffskommerz" Foreign Trade Enterprise of the GDR, our country will receive dozens of different types of vessels, while the GDR will receive large consignments of ships and overall equipment. [Text] [Moscow EKONOMICHESKAYA GAZETA in Russian No 10, Mar 83 p 20] 2959

EQUIPMENT FOR ROMANIA--In accordance with contracts between the All-Union Foreign Trade Association "Mashinoeksport" and the "Industrialeksportimport" Foreign Trade Organization of the Socialist Republic of Romania, in 1983 Romania will receive from the USSR consignments of five-cubic-meter quarry excavators, coal combines, loading machines, mechanized stoping complexes, and geological surveying equipment. [Text] [Moscow EKONOMICHESKAYA GAZETA in Russian No 10, Mar 83 p 20] 2959

AGRICULTURAL EQUIPMENT DELIVERIES--Contracts which have been signed by the All-Union "Traktoroeksport" Foreign Trade Association and the "Motokov" and "Intersigma" Foreign Trade Organizations of the Czechoslovakian Socialist Republic provide for deliveries to the USSR of some 80 million rubles worth of sprinkling units and automatic pumping stations. Our country will also receive 4,000 Czechoslovakian light tractors for vineyards and hothouses, equipment for hop collection points, and large consignments of haulm cutters and mowers, while the Czechoslovakian Socialist Republic will receive grain harvesting and silage harvesting combines and tractors. Czechoslovakia will also receive 42 Soviet irrigation installations of the "Fregat" type. [Text] [Moscow EKONOMICHESKAYA GAZETA in Russian No 10, Mar 83 p 20] 2959

SOVIET-POLISH TRADE--As a result of successful discussions between governmental delegations of the Soviet Union and Poland the two countries on December 23, 1982, signed a Protocol on trade and payments for 1983. The trade turnover in 1983 is to amount to 9,700 million roubles, an 8.9 per cent increase over the 1982 figure. Due to the Soviet Union's export to that country Poland will, as before, satisfy the greater part of her requirements for major types of fuel and raw materials. In 1983 the Soviet Union is continuing its traditional shipments to Poland of oil and oil products, natural gas, ferri-ferous raw materials, ferrous and non-ferrous metals, timber, cotton and other goods. The USSR will also export engineering products: metal-cutting machine tools, mining equipment, road-building machinery, motor vehicles, tractors, farm machines, etc. Under the Protocol Poland reciprocates and is supplying the USSR with machine tools, transport facilities, road-building machinery, electrical products, equipment for the chemical and automotive industries, farm machinery, coal, sulphur, chemicals and other goods. The document signed forms the firm foundation on which trade and economic relations between the USSR and Poland are being furthered. The discussions were held in an atmosphere of friendship, comradely mutual understanding and businesslike cooperation. N. S. Patolichev, Minister of Foreign Trade, signed the Protocol on behalf of the Soviet Government and T. Nestorowicz, Minister of Foreign Trade, on behalf of the Polish Government. [Text] [Moscow FOREIGN TRADE in English No 3, Mar 83 p 6]

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TRADE WITH INDUSTRIALIZED COUNTRIES

SOVIET-FRG TRADE CONTINUES TO GROW

Aggregate Data

Moscow FOREIGN TRADE in English No 2, Feb 83 pp 21-23

[Article by Vasili Chistov, executive secretary of the Soviet part of the USSR-FRG Commission on Economic, Scientific, and Technical Cooperation: "USSR-FRG: Development of Economic Ties Serving Both States' Interests"]

[Text]

Over the last decade trade and economic relations between the Soviet Union and the Federal Republic of Germany have considerably progressed. In 1972, before the signing of the 1973 Agreement on Developing Economic, Industrial and Technical Cooperation, the mutual trade turnover was 827 million rubles. In 1982 the trade turnover amounted to about 7,000 million rubles. The FRG has occupied the first place in the Soviet Union's trade with the industrial capitalist countries for ten years. The USSR is one of the FRG's largest trade partners. In the practice of our countries' economic relations not only experience but a certain "strength factor" is gained which has positive results in the present aggravated situation when the USA is trying to disrupt the economic ties formed between the West and the East.

In spite of these attempts the FRG-USSR mutual trade continues to grow and import from the FRG as well as export have substantial foundations for the future.

The Soviet Union purchases from the FRG approximately one-fourth of all machinery and equipment being imported from the capitalist countries and great amounts of pipes, certain rolled ferrous metal sections, chemical products and consumer goods.

Such goods as natural gas, oil and petroleum products important for the FRG take a leading place in the USSR export to that country; the USSR delivers also chemical products, timber, ores and non-metallic min-

erals, machine tools, electric motors, cars and many other goods.

Along with the quantitative growth, qualitative changes are not less important in the USSR-FRG trade economic relations; large-scale and long-term projects of cooperation, including those on a compensation basis, take a significant place in them.

Among such transactions are contracts for deliveries of Soviet natural gas to the FRG for a 25-year term which are to a certain degree connected with the credit purchases of pipes, machines, equipment and materials from the FRG for constructing trunk gas pipelines in the Soviet Union. Such agreements were concluded in 1970, 1972 and 1974. The FRG has received already over 60,000 million cu.m. of gas. Under the 1981 agreement additional quantities of gas will be delivered to the FRG. The deliveries will begin in 1984 and by 1990 will reach an annual volume of 10,500 million cu.m. From 1990 the FRG will be annually receiving about 22,000 million cu.m. of Soviet natural gas.

The largest cooperation project in ferrous metallurgy is the Oskol electro-metallurgical complex which will use the method of direct reduction. The first shop of this complex was built last year and the completed first stage will be commissioned in 1984. It is worth mentioning that in implementing this project, besides the FRG's largest firms, over 200 medium and small firms participate.

Cooperation in the chemical industry has assumed a wide-scale character. With the participation of the FRG's machine-building and chemical firms eleven complete installations manufacturing high-pressure polyethylene, phthalic anhydride, dimethyl terephthalate, polyester fibres and other goods have been constructed and put into operation, and a series of other chemical factories are under construction. In compensation the FRG firms receive polyethylene, vinyl chloride, polyvinyl chloride, methanol, acetic acid, etc., more than one fourth of the costs for the delivered equipment and services have been already repaid by goods deliveries.

Among other large cooperation projects the Sayany aluminium factory can be named and contracts for deliveries of complete sets of equipment for manufacturing wood particle and cement particle boards, etc.

It should be mentioned that the new form of cooperation such as long-term compensation transactions forced its way not so easily. Even now, although

these transactions amount to about 20 per cent of the USSR-FRG trade turnover, their usefulness and expediency is still discussed in the FRG and this question is still insufficiently constructively elucidated in the FRG special economic literature. However, it is necessary to take into account that such transactions are embracing new sectors, they include not only construction of new enterprises but also reconstruction and modernization of existing ones, become more and more flexible (for instance, multilateral transactions with third countries participating).

Cooperation in production is referred to new forms of mutual economic relations. The USSR-FRG Long-term Programme of Cooperation in Economy and Industry rated for 25 years specifies more than 80 directions of cooperation in production and under many of them the possible partners have already established contacts and are striving for mutual understanding. The first positive, although humble results can be observed in the machine-tool industry, manufacture of concrete pumps and mobile concrete-making installations, industrial stitching machines and circular knitting machines, sports footwear, toys, a series of other items.

The conclusion of the Moscow Treaty in 1970 which created new conditions for developing the USSR-FRG economic relations, the appearance of new forms of economic ties, the demands for scientific and technical cooperation, the necessity for active participation of governmental bodies in establishing and advancing cooperation brought to life new treaty-legal and organizational forms including the establishment of the USSR-FRG Commission on Economic, Scientific and Technical Cooperation in 1972. As the Joint Communiqué on the visit of L.I. Brezhnev to the FRG in November 1981 pointed out, "the Commission and its bodies make a useful contribution to the development and deepening of economic ties in varied fields".

In the 1970s successes in détente in Europe created favourable conditions for developing peaceful cooperation between the West and the East and not in the last instance between the USSR and the FRG. During these years the two countries' trade relations became dynamic, an active joint search for new trends and concrete large-scale cooperation projects began, a proper system of economic agreements was created which constituted the treaty-legal foundation in the

economic sphere. Finalizing this system were: the Agreement on Developing and Deepening USSR-FRG Long-term Cooperation in Economy and Industry of May 6, 1978, and the Long-term Programme containing the main cooperation guidelines, adopted by the two sides for achieving this goal which will be in force until the year 2003.

The Commission was entrusted with assisting and observing the practical implementation of these agreements. It made efforts to fill them with concrete content, assure the necessary conditions for their realization and eliminate difficulties and obstacles when they arose.

The results of the 11th session of the Commission held in October 1982, directly after the change of the FRG's Government, witness that its activity justifies itself under the present aggravated international situation and is of a very constructive character.

The session of the Commission stated that as a whole the economic agreements and arrangements were being successfully realized and the two countries' economic cooperation has recently been furthered. The most significant result of the session was that the both sides confirmed their readiness to develop economic relations, precisely and timely fulfil the contract commitments also in the present situation. The session stressed the necessity to value the results achieved over recent years, not to let the business confidence between the partners be impaired but improve and strengthen it.

In the session's centre of attention were the perspectives of cooperation primarily in such spheres as power engineering and machine-building industry.

The project on Soviet gas deliveries does not exhaust the cooperation capabilities in the field of raw materials and minerals. The session pointed out that the Soviet side (if the FRG is interested), does not exclude possibilities of cooperation on extracting and processing coal from the Kansk-Achinsk coal basin into liquid fuel, in the possible construction of a pipeline for transporting coal from Siberia to the USSR European regions, participation in the prospecting for and production of sea shelf oil and gas and in some other promising projects.

Forecasts of the world methanol consumption testify it will increase 2.5 times by 1990 as compared to the present day, and five times by the year 2000. Here also possibilities occur for cooperating in manufac-

turing methanol from natural gas and coal compensating the West German firms' equipment and services by power carriers deliveries. An understanding to consider the joint implementation of these and other large-scale projects on a long-term perspective has been reached. It is worth mentioning that the West German firms and banks evince considerable interest in these projects. The session also discussed the question on intensifying the division of labour from the point of view of the exchange of power intensive products to less power intensive, the forms of "know-how" exchange in energy and material conservation involving power carriers, raw materials and materials made available as a result of conservation in the mutual trade turnover. A joint symposium on these subjects and an exhibition dealing with energy and material conservation are to be held in Moscow in 1983.

The Soviet side prepared proposals on some particular cooperation projects in power engineering and the machine-building industry for the next few years which had been discussed by relevant groups of experts and then at the session of the Commission. The work in these directions will continue. In particular, the Commission approved the joint report of the sides' experts on the machine-building industry and pointed out that realization of the proposals contained in it would promote the expansion of bilateral economic ties.

The joint design and manufacture of equipment for a series of industrial sectors including equipment for environmental protection are promising directions of industrial and technical cooperation.

Serious attention at the session of the Commission was also paid to matters for improving the mutual trade turnover structure, further strengthening its expert groups' activities aimed at implementing the Long-term Programme and spreading cooperation to new fields in the economy.

The importance of discussion of problems of developing credit relations and financing foreign trade, in particular, large-scale and long-term projects at the meeting of the expert group on the bank and financial matters should also be mentioned. The expert group favoured expanding the scope of banking services including granting of the necessary financing which in particular will promote the development of small and medium firms' export possibilities.

The two countries' scientific and technical cooperation is progressing to a certain degree. On the FRG side, almost 200 industrial firms and associations participate in this cooperation; Soviet organizations have relevant long-term agreements the number of which has recently increased to 39 with some of them.

Cooperation between the USSR Academy of Sciences and Deutsche Forschungsgemeinschaft (Scientific and Research Society) continues. Under the agreement between these organizations an exchange of scientists and joint researches in radio astronomy, archeology, geology, geophysics, spectrography, oceanology.

Summing the positive results of the session of the Commission at the news conference held in Bonn, L.A. Kostandov, head of the Soviet delegation, Deputy Chairman of the Council of Ministers of the USSR, pointed out that along with the positive aspects in the two countries' trade economic relations certain difficulties and unsolved problems exist, the great pressure placed on the FRG from outside is noticeable. In particular, the session attracted the attention of the West German side to the fact that the restrictions on import and export of goods which existed previously in the FRG have been supplemented recently with new ones which contradict the existing bilateral trade economic agreements and may negatively affect the two countries' relations and undermine confidence in the FRG as a trade partner.

* * *

The USSR-FRG economic ties are based on the objective necessity, on the requirements of the international division of labour, they are profitable and expedient for each of the participating sides. Their further development is dictated by the interests of both states, the interests in preserving and strengthening peace in Europe.

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English translation "Foreign Trade", 1983

Specific Items

Moscow SOVIET EXPORT in English No 4 (139) 1982 pp 50-53

[Text]

The trade between the Soviet Union and the FRG is growing steadily. In 1970—1980, it grew tenfold amounting to 5.8 thousand million roubles. The FRG is one of the USSR's leading trade partners in the West. For its part, the USSR remains among the ten biggest trade partners of the FRG. Mutually profitable co-operation is becoming a substantial factor of each country's economy. The FRG's economic co-operation with the Soviet Union involves over 1,500 West German industrial enterprises, firms and organisations.

The USSR and the FRG are countries with an enormous scientific and engineering potential. They have plenty to offer each other: equipment of the latest designs, modern industrial processes, engineering and know-how. Licence trade, therefore, has become one of the most interesting aspects of USSR-FRG economic relations.

The USSR and the FRG have signed more than 100 licence agreements to date. V/O LICENSINTORG has sold licences for Soviet inventions to the well-known West German concerns Gutehoffnungshütte, Messer-Griesheim, Metallgesellschaft, MAN, Robert Bosch, Siemens, Henkel, and to many specialised firms.

Soviet licences find uses in many West German industries. For instance, the blast furnace evaporative cooling system, a licence for which has been bought from the USSR by the GHH concern, now functions at a number of factories in the FRG. All in all, 50 blast furnaces abroad now employ the Soviet-designed evaporative cooling systems.

E. Pieper, Director of Salzgitter AG, one of the biggest engineering concerns, described the purchase of a licence for a new method of synthesising polyethylene as "a profitable deal". Today the two sides jointly offer third countries polyethylene-making installations manufactured by the Soviet process.

Having satisfied themselves that the Soviet K-103 cutter loader is wanted by many West German coal mines, the Westfalia-Lunen firm has purchased a licence for its manufacture.

Soviet industrial enterprises also use licences bought from the FRG. The Deutsche Babcock AG, for instance, has sold us a licence for making a coal mill with a capacity of up to 80 t/h. The mills will be installed at the thermal power stations of Siberia's largest power-supply system. In turn, the Deutsche Babcock AG has bought from V/O LICENSINTORG licences to make raw coal feeders for thermal power stations.

The wide scale of, and a bright outlook for, Soviet licence trade in the FRG led to the establishment of the Technounion firm at the end of 1979. Set up by V/O LICENSINTORG and

West Germany's Ferrostaal AG company on an equal footing, it specialises in selling Soviet licences and technologies and in buying licences and advanced technologies from the West.

— It is not only capitals that we have pooled with V/O LICENSINTORG,—says U. Völker, Chief of the Ferrostaal's department for foreign trade with the CMEA member-states.

— Our firm also contributes its knowledge of market specifics and requirements, and its rich experience of work in the FRG.

For its part,—added A. Kudryashov, General Director of the Technounion firm,—LICENSINTORG have brought in many new interesting designs, the high potential of Soviet research and development organisations, and our opportunity for rapid delivery of original equipment.

Within eight months of Technounion's establishment, the turnover had reached 80 million FRG marks. With its participation 30 licences have been sold and bought. Besides, the firm renders clients assistance in arranging exhibitions, informs them of licences currently available, and exercises control over the observance of agreements signed. Technounion operates not only in the FRG, but also in Britain, France, Austria, Switzerland, Sweden, Denmark and South America.

— Our immediate objective is to extend the firm's activities to the field of engineering, i.e. the designing of industrial enterprises, the organisation of equipment deliveries, industrial and engineering co-operation,—A. Kudryashov said in conclusion.—And we are already off to a good start...

Here is what managers and experts of several big West German firms told our correspondent B. Lapkin about the ways in which Soviet licences are used by the FRG industry.

The FPAKM Filter Presses Are Universal

The Hoesch AG concern's engineering plant in Düren which manufactures various filter-presses is known in many countries. The FPAKM automated filter-presses constitute a substantial proportion of its output. Developed in the Soviet union, they are manufactured by the factory under a licence.

I had a talk with F. Kessel, a member of the concern's Board of Directors.

— A few years ago,—he said,—we faced the need to update our products. Prior-art filter-presses were not efficient enough, unfit for modern production

processes and did not lend themselves to automation. A new filter would have taken us years to develop and involved the risk of losing our regular clients. It was then that LICENSINTORG offered us a licence for FPAKM filter-presses. We saw at once what advantages the licence promised us—and bought it. For several years now we have been making these filter-presses which have won full recognition on the market.

F. Kessel explained the market success of the filters by the number of dramatic advantages they have over the prior-art models. First of all, they are universal, that is they can be used wherever suspensions with a high solid-phase concentration have to be filtered. These

filters cope even with the thickest of suspensions. A horizontal arrangement of the press platens ensures a thorough washing of the sediment. Rubber diaphragms are used for squeezing liquid out of sediment; this means a much lower liquid level in the sediment and consequently, a saving of energy on drying it. The filtering process is fully automated; as a result, manual effort has been reduced to a fraction, and a great deal of energy is saved. Last but not least, the FPAKMs are much more efficient than other filters. One FPAKM can do the job of four or five prior-art models.

— FPAKM filters operate in many Western European countries,—F. Kessel added.—US firms have bought eight from us. We have sold about a hundred such machines altogether, and we are sure that there will be a steady demand for years ahead.

Lower Costs, Higher Output

The new Soviet-developed method of melting non-ferrous metals out of polymetallic ores—the KIVCET process—makes it possible to extract from the concentrate up to 98% of copper, zinc, lead and precious metals and also to obtain cadmium, selenium, rhenium, germanium and other metals. By the new method, cheap sulphuric acid, pure sulphur and other products can be extracted from flue gases containing sulphur dioxide. The KIVCET installation is fully automated.

The process is being constantly improved. On its basis, Soviet specialists have developed an entirely new oxyelectrothermal method of processing sulphide lead and lead-nickel concentrates. The method offers the following advantages: it helps simplify the equipment and the process as such, step up efficiency and the raw material utilisation factor, reduce coke consumption and cut the volume of flue gases to a minimum.

In 1974, the FRG's KHD firm purchased a licence for the KIVCET process and in 1978—for an improved version of the process and for a modernised KIVCET installation.

— Like our colleagues in many countries, we spotted the advantages at once,—said K. Beisner of the KHD.—We went to the USSR to watch this equipment at work. Finally we bought licences for it and are now successfully implementing them. The KIVCET installation we have built in Bolivia, for instance, will start producing lead, zinc, silver and many other metals. This installation has been designed by the KHD firm with Soviet experts' co-operation. We have joined with a number of Canadian, US, Italian and Mexican firms in implementing the licences for the new process, and good progress is being made.

— The KIVCET process is now definitely the world's best for processing lead ores,—K. Beisner continued.—It reduces lead costs to 20%, cuts capital outlay and operation costs by nearly 30% and returns higher profits. This method is also very good for processing copper concentrates. We feel the KIVCET process will become widespread.

One Licence Solves Many Problems

Licences for a dry coke quenching method have been purchased from V/O LICENSINTORG by firms and organisations in the FRG, Japan, Italy, Romania, Poland and other countries. Ten commercial installations have been built under these licences. What is it that makes many companies give up wet coke quenching and switch over to the new process? The point is it helps solve a whole complex of problems.

First of all, it lowers the cost price of coke because cheaper free-burning and gas coals can be added to the charge. At the same time, coke turns out to be better quality and stronger. Such coke contains

less breeze, while the gas permeability of bulk mass increases. As a result, less fuel is burnt, and more pig iron is produced. Much of the energy spent on coke heating comes back as process steam which can be put to any use. There is no need for cooling water. And finally, the new method does not pollute the environment with gases, dust and phenol-containing water.

— The advantages of the new process became obvious after we had thoroughly examined the record of dry coke quenching units in the USSR, which has more than 40 of them, and Japan which also makes active use of this method,—said W. Schorn, the Sales Manager of the Thyssen Engineering GmbH which is part of the Thyssen AG concern.—In 1979, we bought a licence to use the process in the FRG and received all the specifications we needed. Our firm builds dry coke quenching installations, puts them into operation and offers maintenance service.

W. Schorn and other Thyssen Engineering experts told me that an installation with two coke quenching chambers of 70ton capacity each, built for the Thyssen AG Stahl firm, would go into service before the end of 1981. This is the world's most powerful installation of its kind to date. Later, a third quenching chamber will be added to it. Some other West German enterprises planning to build coke batteries have decided on this method.

— We have come to the conclusion,—W. Schorn said in parting,—that the principles underlying the new process can be used in many other fields, particularly in solving environmental problems. Only slight readjustments will be neces-

sary to adapt the process to this or that application. We are prepared to do this in co-operation with Soviet organisations.

An Entirely New Coal Mining Set

— The Hemscheidt firm has made a name for itself by its innovations in manufacturing coal mining equipment,—says A. Hemscheidt, the firm's manager and co-owner.—We still live up to our name by preparing to show our clients a new machine the like of which they have never seen before.

The AK-3 Soviet coal mining set was shipped to the firm under a licence for the manufacture of such machines. The Hemscheidt firm is confident that it will be a great success with West German coal companies.

— We think the new machine will revolutionize coal mining,—says I. Welzel, Director of the Hemscheidt firm.—It is a fortunate combination of supports, coal getting and transportation gear. In the FRG we worked on such a system for over ten years, with little success, but in the Soviet set it cuts even harder coals than those found in our deposits. The support design makes the AK-3 set eminently suitable for working graded seams, with a gradient of up to 40°. An important advantage of the set is its 100% safety, for it takes over all manual jobs in the coal mining zone.

— The set will find a market not only in the FRG but in many other countries, too,—A. Hemscheidt assured.—It has modifications for various coal bedding conditions and any seam thicknesses.

TRADE WITH INDUSTRIALIZED COUNTRIES

DEVELOPMENT OF SOVIET-JAPANESE TRADE REVIEWED

USSR Representative

Moscow FOREIGN TRADE in English No 2, Feb 83 pp 18-20

[Article by Viktor Spandaryan, USSR trade representative in Japan: "Trade Treaty Between the USSR and Japan--25 Years"]

[Text]

December 1982 marked the 25th anniversary of signing the USSR-Japan Trade Treaty. This important document established general principles of trade and navigation between the two countries, based on the mutual granting of the most-favoured-nation treatment and served as a starting point for developing Soviet-Japanese economic relations in the postwar period.

Talks on concluding the treaty in which the author took part were held in a complicated political climate.

On the one hand, the Soviet-Japanese declaration on normalizing relations between the two countries, signed in October 1956, contained a precise understanding that the USSR and Japan in the shortest time possible will start talks on concluding treaties or agreements to create a sound and friendly foundation for their relations in trade, navigation and other commercial ties. On the other hand, the external and internal forces hostile to the idea of normalization and development of Japanese neighbourly relations with the Soviet Union started a campaign against realization of the declaration's provisions.

In the course of long talks on signing the Trade Treaty many obstacles and complications caused not only by the lack of understanding of peculiarities in the Soviet system of foreign trade and trade agreement practice but also those due to direct attempts to undermine or complicate the process of normalizing the Soviet-Japanese economic relations had to be overcome.

The principled, patient and flexible position taken

by the Soviet delegation headed by I.F. Semichastnov, Foreign Trade Deputy Minister, made it possible to bring the talks to a successful conclusion. A far-sighted and realistic approach on the part of some big Japanese business and socio-political circles to this treaty, significant for both sides, promoted this.

In this connection it is worth remembering with gratitude the names of Takasaki, Kitamura and Uemura who did much for developing Soviet-Japanese trade and economic cooperation during the difficult period of their establishment.

Simultaneously with the treaty a number of basic important agreements were signed: on trade turnover and payments between the USSR and Japan in 1958, an exchange of letters on organizing a joint shipping line, a document determining the status of the USSR Trade Representation in Japan.

Thus a sound treaty-legal foundation was created which along with other important agreements concluded in the postwar years promotes the development of the USSR-Japan mutually beneficial economic relations even today.

Summing up the results of the 25-year period since concluding the Trade Treaty one can say with all sincerity that Soviet-Japanese economic relations have greatly progressed. The USSR-Japan trade turnover increased almost a hundredfold and exceeded 3,000 million rubles in 1981 and in 1982 it came to over 3,000 million rubles. Japan has become one of the USSR's largest trade partners among the industrial capitalist countries.

The trade turnover growth was accompanied by expansion of the mutual delivery range. It is important to stress that over the whole 25-year period, despite fluctuations of the economic and political situation in Japan and the capitalist world, Soviet-Japanese trade steadily went up from year to year, especially after concluding since 1966 long-term agreements on trade turnover and payments, the period of validity of which coincides with the five-year-plan periods of economic and social development of the USSR, the volume of mutual deliveries doubled every five years: in 1966-1970 the trade turnover amounted to 2,600 million rubles, in 1971-1975 - 6,100 million rubles and in 1976-1980 - 12,100 million rubles.

New forms of trade and economic relations have considerably progressed: since the 1960s economic cooperation in realization of joint projects for developing

separate sectors of the national economy in the USSR's eastern regions based on general agreements began; in 1965 the Soviet-Japanese and Japanese-Soviet committees on economic cooperation were set up; credit relations were furthered which assured the growth of Soviet purchases of complete enterprises, large-diameter pipes and a number of other goods from Japan; the coastal trade (exchange of goods between the USSR Far East regions and respective Japanese prefectures) was originated and has gained in strength; regular goods exchange between the two countries' cooperative organizations is taking place; the scientific and technical cooperation has expanded, etc.

Such important events as the meeting of Soviet leaders with the Prime Minister of Japan and the joint Soviet-Japanese Declaration dated October 10, 1973, which pointed out the necessity to accelerate the two countries' economic cooperation, especially in connection with the exploitation of natural resources of Siberia promoted the development of the Soviet-Japanese economic ties.

Eight Soviet-Japanese economic meetings within the framework of the above committees on economic cooperation have greatly contributed to the economic cooperation. Authoritative representatives of trade, industrial, bank circles and governmental organizations of the both countries took part in these meetings.

As a result of the work of these committees eight general agreements were concluded including three agreements on cooperation in developing the forest industry of the USSR Far East (two of them are already implemented), agreements on cooperation in producing raw material for the pulp-and-paper industry (technological chips and deciduous tree balances), agreements on cooperation and construction of the first stage of the Vostochny port (accomplished), agreements on cooperation in prospecting for the Yakutsky gas-fields and agreements of especial importance for the future development of Soviet-Japanese trade: on cooperation in developing the Yuzhno-Yakutsky coal basin and on prospecting for oil and gas on the Sakhalin shelf, the deliveries of Soviet goods under which will begin in the next five-year-plan period.

Under these agreements Japan supplies the Soviet Union with machinery, equipment and other goods on credit with their subsequent repayment by deliveries of

relevant goods (timber, raw material for the pulp-and-paper industry, coal, oil and gas) to Japan or services (transit shipment of Japanese cargoes).

In the course of implementing trade operations and economic cooperation the ties between Soviet Foreign trade organizations and Japanese commercial and industrial companies and the two countries' business people have considerably consolidated and expanded. At present about forty Soviet foreign trade associations and all large trade companies as well as many small and medium firms and cooperatives in Japan are participating in Soviet-Japanese trade.

However, the development of Soviet-Japanese trade and economic relations proceeded and proceeds not so smoothly, through no fault of the Soviet side which invariably adheres to a policy of developing these ties on the basis of mutual advantage and peaceful coexistence of states with different social systems.

As for the Japanese side, its attitude to the development of trade and economic relations with the USSR is characterized by a constant struggle between two tendencies: a course for strengthening and expanding these ties and a policy aimed at restricting, prohibiting and undermining the trade and economic cooperation which hold back a wider development of the two countries all-round trade and economic ties.

However, all these prohibitions and limitations cannot prevent the further development of USSR-Japan trade. This is explained primarily by a number of objective factors in favour of development of trade and economic cooperation between Japan and the Soviet Union.

First, the Soviet Union and Japan in the industrial, scientific and technical respect are highly developed countries and the structures of their foreign trade mutually supplement each other but do not compete. The Soviet Union supplies Japan with goods of vital importance for Japan's economy. In its turn, large and permanent Soviet orders for Japanese industrial products assure stable loading and employment of many Japanese enterprises and firms.

During 1976-1980 the USSR delivered almost 40 million cu.m of merchantable wood, 257 thousand tons of lint, 6.6 million tons of oil and petroleum products, twelve million tons of coal, over 1.6 million tons of potash fertilizers, non-ferrous and precious metals, sea

fish products, machine tools to Japan as well as sold licences, etc. The Soviet Union, in its turn, in this period imported from Japan various machinery and equipment including 80 complete enterprises and installations worth almost 3,200 million rubles, four million tons of steel pipes, 3.8 million tons of rolled ferrous metals, chemicals worth over 420 million rubles, 80 thousand tons of synthetic fibres and yarn, knitwear and clothing worth over 383 million rubles.

Evaluating the importance of trade with the USSR the influential magazine *Sekai Shuho* (September 18, 1979) pointed out: "Japan still faces the extremely important problem of stably providing the country with fuel-raw material resources and, on the other hand, the Soviet Union remains an immutably significant market for finished industrial products."

Second, the Soviet Union and Japan are neighbours and with the expansion of economic cooperation in developing separate sectors of the USSR eastern regions' economy, the advantages of the geographical closeness become more and more profitable.

Further, the Soviet economy does not undergo crises and slumps which assures stable development of trade and economic ties with Japan. And this is of great consequence for Japan's economy subject to crisis slumps and suffering sharp fluctuations of capitalist market. That is why under the aggravation of economic contradictions and Japan's competition with other capitalist countries the large and stable Soviet market, especially with the accelerated development of the USSR eastern regions, is becoming more and more important.

And finally, the gained experience of trade and economic cooperation with Soviet foreign trade organizations witnesses the fact that in them Japanese firms have reliable partners and the difference in social systems is not an obstacle for mutually beneficial business cooperation.

These positive objective factors are opposed by subjective ones having as a rule a transient, situational, political character. The various embargoes and sanctions, restricting lists and obstacles put in the way of establishing normal trade and economic relations with the USSR generally bear the mark "made in USA". Those forces in Japan adhering to anti-Sovietism willingly join the policy of embargo and sanctions and zealously implement them. Normal devel-

opment of economic relations with the USSR and through them, the strengthening of mutual understanding and good-neighbourly relations between the Soviet and Japanese peoples, remove the ground from under invented campaigns against our country and myths about "Soviet threat".

The US powerful levers of political and economic pressure exerted on Japan cannot be neglected either. The US Administration and monopolies, in violation of the international norms and national laws, uncere- moniously directly threaten Japanese firms and enterprises trading or cooperating with Soviet organi- zations with every possible punishment and demand their subordination to US laws and regulations.

Thus, in spite of the obvious interests of Japan and the Japanese Government's protests the US adminis- tration tries to frustrate the realization of the Sakhalin project precisely at the moment when promising oil and gas-fields were discovered by the joint efforts of Soviet and Japanese specialists on the island's shelf.

The US government does not worry that its actions cause damage only to Japan which can lose funds inves- ted in this project and above all - a new reliable and geo- graphically closest source of needed power resources.

History of development of the USSR-Japan econo- mic ties testifies that the enemies against expanding these ties gain the upper hand from time to time. They are not embarrassed by the fact that they violate the Trade Treaty and other Soviet-Japanese agreements and declarations signed by responsible Japanese gov- ernmental figures, and that they cause damage to the in- terests of separate sectors of the Japanese industry and its economy as a whole.

To justify their actions these enemies thwarting the development of economic ties with the USSR put for- ward the thesis that the Soviet Union allegedly gains more from these ties and without Japan's "assistance" will not be able to fulfil the plans for developing Siberia. There is no need to disprove these absurdities which business circles in Japan themselves disregard.

S. Nagano, President of Japanese Chamber of Commerce and Industry, stated in *The Japan Times* of March 7, 1980, that the joint projects of developing Siberian natural resources were not the assistance to the Soviet Union but business agreements needed for Japan itself.*

The opposing circles are not able to stop the objective process of developing the Soviet-Japanese economic relations precisely because they act against Japan's interests.

The resistance to the non-perspective policy of joining in the "economic sanctions" against the USSR, harmful primarily to Japan, is ever growing wider in the business, and socio-political circles of Japan. The Japanese press more often now publishes sound statements calling upon Japan's Government to take a more independent stand in this matter, as the policy of "sanctions" can lead to Japan losing the positive advantages gained in trade and economic relations with the Soviet Union.

Forthcoming visit to the Soviet Union of rather big delegation representing Japanese business circles headed by S. Nagano, President of the Chamber of Commerce and Industry and Chairman of Japanese-Soviet Committee on Economic Cooperation is a vivid example illustrating mentioned above. According to the Japanese press, the aim of this visit is "...to enliven the trade relations, presently affected negatively by the policy of economic sanctions".

All this makes it possible to believe that based on the foundation laid twenty-five years ago by the conclusion of the Trade Treaty, our economic ties with Japan will further progress on a sound and friendly basis as written in the Soviet-Japanese declaration on normalizing the relations between our countries signed by the leaders of both governments.

In any case the position of the Soviet Union on this matter was repeatedly stated at the summit level.

L.I. Brezhnev in his speech in Alma-Ata pointed out: "Our economic and other relations with neighbouring Japan remain important and advantageous for both sides. We are ready to further them. It depends on to what extent the Japanese administration will manage to maintain an independent, realistic course in their policy without being influenced by the outside forces, which push Japan to the dangerous way of militarization and actions hostile to the Soviet Union".

We mark the 25th anniversary of the USSR-Japan Trade Treaty in an aggravated situation of the development of Soviet-Japanese economic relations. At the same time we hope that these relations which have already been and will still be of great benefit for improving the well-being and neighbourly relations between the two countries' peoples will progress further in the interests of the Soviet Union and Japan and uphold peace in the Far East and Asia as a whole.

Moscow Meeting

Moscow MOSCOW NEWS in English No 11, 13 Mar 83 p 6

[Article by Mikhail Denchenko: "Marunouchi on Krasnaya Presnya"]

[Text]

At the end of February the Centre for International Trade and Scientific-Technical Contacts with Foreign Countries on Krasnopresnenskaya Embankment looked like a corner in Marunouchi – the business district of the Japanese capital. Even there perhaps it is rare that 250 businessmen from all over Japan come together at one and the same time. It was the first time in the history of Soviet-Japanese relations that such a large, representative delegation came from Tokyo to Moscow for a bilateral meeting on trade and economic cooperation. The Soviet side was represented by the leaders of a number of Soviet ministries and foreign trade organizations.

The meeting evoked a broad response both in the Soviet Union and Japan and was given wide coverage by the mass media of both countries. This was due to a number of reasons. The meeting took place after a three-year break, which occurred through no fault of the USSR, in regular joint conferences of the Soviet-Japanese and Japanese-Soviet committees on economic cooperation, and quite a number of questions had piled up during this period. The close attention of the press is also explained by the rather tense struggle which unfolded in Japan between the supporters and opponents of further Japanese-Soviet economic cooperation.

The Japanese businessmen who came to the Moscow meeting had been intimidated in every possible way. A spokesman of Japan's Foreign Ministry, for example, even claimed that the Soviet Union would "try to introduce a split between the Japa-

nese government and private companies which depend to a considerable extent on trade with the USSR". It is interesting, however, that the greater the pressure brought to bear on the delegation, the more businessmen wanted to join it. Shigeo Nagano, head of the Japanese delegation, President of the Japan Chamber of Commerce and Industry and Chairman of the Japanese-Soviet Committee on Economic Cooperation, displayed persistence, purposefulness and common sense. With his characteristic energy he said it was time to go to Moscow.

The Moscow dialogue testified to the serious approach of Japan's business community to problems of developing trade and economic cooperation with the Soviet Union. On the other hand, it became clear that the great potential for the development of Japanese-Soviet economic ties is not being used to full advantage.

In 1982, Soviet-Japanese trade stood at 5,000 million dollars. The greatest portion of Soviet exports to Japan consists of industrial raw materials and energy resources, in which Japan is greatly interested. At the conference special mention was made of the fact that Soviet goods do not compete with Japan's national output on the Japanese market, nor do they undercut local industrial or agricultural production.

Also noted was the fact that big Soviet purchases on a long-term basis, especially given the economic recession in Japan, bring production up to capacity and boost employment in the country. For instance, between 1976 and 1980 alone, the Soviet Union placed orders for 80 sets of complete

plant and equipment, in the fulfilment of which hundreds of subcontracting firms and tens of thousands of factory and office workers took part.

The participants in the meeting also pointed out that the so-called economic sanctions against the Soviet Union, imposed by the United States, inflicted colossal damage on Japan and relegated it to fifth place in the USSR's trade with capitalist countries.

The visit of the "Nagano mission" to Moscow was not confined merely to participation in the conference. The leadership of the delegation was received by Nikolai Tikhonov, Chairman of the USSR Council of Ministers, his first deputy and another two deputies, and met with the leaders of a number of ministries and departments.

Although the conference participants had not set themselves the task of concluding deals and agreements, this time both sides signed various contracts to the tune of 500 million dollars, which amounts to ten per cent of the entire volume of Soviet-Japanese trade last year. This testifies to the desire of the two sides not to confine themselves to a mere exchange of views concerning the desirability of promoting mutually advantageous bilateral trade.

One more thing. The dialogue between businessmen in Moscow was important in the sense that it contributed to the strengthening of friendship and understanding between our two countries. This is the view of the newspaper *Asahi Shimbun*. This assessment could not be more accurate.

TRADE WITH LDC'S

SOVIET ASSISTANCE TO ASIAN LDC'S HIGHLIGHTED

Moscow ASIA AND AFRICA TODAY in English No 6, Nov-Dec 82 pp 23-25

[Article by Iliodor Kulyov, deputy chairman, State Committee for Foreign Economic Relations: "Economic and Technical Cooperation of the USSR With Asian Countries"]

[Text]

Consistently developing the Leninist course, the Soviet Communist Party and Government define the principal aims and tasks facing state bodies in the field of expanding and consolidating economic connections and political relations with foreign countries, and, first and foremost, with the world socialist system and the national liberation movements actively working for peace, security and cooperation all over the globe.

The documents of the 26th CPSU Congress set the following task: "To develop, on a long-term and equitable basis, mutually beneficial exchange of goods and the allround economic, scientific, technical and other ties of the Soviet Union with developing countries, to continue rendering these countries economic and technical assistance in the construction of industrial enterprises and power, agricultural and other projects conducive to strengthening their economic and political independence."

The Soviet Union is constantly striving to expand its economic connections with foreign countries and increase the deliveries of complete plant and equipment, on a mutually advantageous basis, necessary for advancing the various branches of the economy. However, the dynamics of cooperation is influenced by a number of internal and external factors of economic and political nature. We have to bear considerable expenses on maintaining the country's defence capability in the conditions of the arms race forced on us by the imperialists and the aggravation of the international situation.

The Soviet Government's peace initiatives aimed at curtailing armaments and using part of the means thus relieved for aid to developing countries have up to now not found proper response and support of Western states. This fact shows, on the one hand, that they are not duly interested in promoting detente and rendering effective assistance to Asian, African and Latin American states, and on the other, impedes economic and technical cooperation between the USSR and foreign countries.

This cooperation has played an important role in the process of the transformation of world economic relations during recent decades. It is precisely the Soviet Union that has been one of the first to come out with an initiative to render assistance to developing countries

in building industrial enterprises. Thanks to this the majority of Western industrially advanced states, fearing to lose international markets, had to agree to render these countries similar services. However, the USSR's assistance has been offered on more favourable terms and the projects built with Soviet participation were highly reliable economically and technically.

Indicative in this respect is the example of India which in the mid-1950s conducted negotiations with West German firms on the construction of the Rurkela metallurgical plant on unfavourable terms, that envisaged credits with 12 per cent annual interest and provided for the firms' participation in managing the plant. The Soviet-Indian agreement on the construction of the Bhilai steel plant signed at the time made it possible for India to obtain the lowering of interest rate by 50 per cent and exclude the German firms' participation in managing the plant.

At present economic and technical cooperation of the USSR with other countries has greatly advanced. The export of complete plant's equipment and materials during the 1960-1981 period had grown five times and amounted to more than 2.5 billion roubles. It is necessary also to take into account the cost of the services rendered within the framework of economic cooperation, including initial researches and preparation of feasibility studies for the construction of individual projects, working out of technical documents, deliveries of building equipment, sending of Soviet specialists to assist in the construction, assembly, commissioning and maintenance of equipment and its exploitation, as well as the training of national personnel.

In the course of cooperation in building various projects abroad economic relations go far beyond the boundaries of ordinary trade and include the sphere of construction and production of industrial and other goods, thus creating requisites for more profound and long-term ties. This can be explained, among other things, by the fact that the time required for the full realisation of agreements on economic and technical cooperation is not confined to fulfilling prospecting, design, building and assembly work. After the completion of construction in-

interchangeable equipment and spare parts are delivered, and in some cases assistance is provided in the exploitation of projects and in bringing them to the rated capacity, developing the production of new types of goods and transferring the experience in planning and organization of production.

Of the total volumes of the USSR's economic and technical cooperation with foreign countries, more than 60 per cent are claimed by the socialist states (including 21 per cent of those in Asia); 22 per cent—the developing countries of Asia; about 17 per cent—the developing countries of Africa. Cooperation with Latin American countries is at an initial stage.

Economic and technical cooperation between the USSR and the developing countries of Asia is distinguished by dynamism. Since 1960, its volume has been rising 2.5-fold every 10 years. Although the growth rates of cooperation, for example with African countries, during that period were higher, the share of developing states of Asia remained practically unchanged, due to the high initial volumes of assistance. The volume of the Soviet Union's export of complete plant, equipment and materials to Asian countries had increased 2.5 times during the 1960-1981 period. The share of the developing countries of the region in the total volume of assistance had risen from 18 to 21 per cent. It should be recalled that already in the early 1960s large projects were undertaken in India and Afghanistan, and big amounts of work were being done in Mongolia and other countries. Soviet cooperation with Asian countries has been developing at a high and stable rate, which gives grounds to hope for its further expansion in the years to come.

In accordance with intergovernmental agreements the Soviet Union is rendering assistance in the construction of over 2,100 projects (including about 1,000 industrial enterprises) in Asian countries. At present 1,387 projects have been completed and about 800 are either in a design stage or under construction. The greatest number of projects is operating in Mongolia (466), the People's Republic of China (256), Vietnam (194), Iran and Afghanistan (81 and 78, respectively).

Among the enterprises built in the developing countries of Asia 50 per cent are in industry, including 20 per cent in fuel and energy branches. Cooperation is proceeding on a large scale in the sphere of transport and communications, as well as in education and public health (about 15 per cent of the total number in each; 11 per cent of projects are claimed by agriculture).

In exchange for the services rendered, design and technical documents, equipment, materials and credits the USSR receives goods which for some reason cannot be produced at home or are cheaper if purchased abroad than produced locally. These factors determine economic benefit from cooperation for the USSR.

At present, projects of Soviet cooperation with socialist and developing countries of Asia export to the USSR oil (Iraq, Syria), non-ferrous metal concentrates (Turkey, Mongolia, the Korean People's Democratic Republic), ferrous metals and rolled metal, metallurgical equipment (India), natural gas, nitrogenous fertilizers, agricultural products (Afghanistan).

The share of goods produced by joint projects in the total volume of import from all developing countries reaches 25 per cent. The deliveries of commodities on a long-term compensatory basis are stable and not only contribute to meet the requirements of the USSR's national economy, but also enable its partners to enlarge the range of export commodities, increase the total volume of fore-

ign trade, improve the country's solvency and speed up repayment of Soviet credits. By now the USSR has more than 30 agreements on cooperation on a compensatory basis, Asian countries accounting for a considerable part of them. This form, perhaps, corresponds with mutual interests in the best way and has quite favourable development prospects, creating conditions for an expansion of trade relations.

The economic and technical cooperation of the USSR with foreign countries has some typical features which are natural for socialist states and specific for developing countries, as compared with Western "aid" due to the following features:

- cooperation is effected mainly in the interests of the development of the public sector which is already the leading one in many Asian countries and promotes production efficiency within the framework of the national economy and the implementation of socio-economic transformations;

- economic connections are based mainly on long-term agreements making it possible for a country to plan rationally the utilisation of its own resources and those granted it, in the light of the strategy and tactics of socio-economic development. The principles of mutual advantage provide opportunities for developing countries to exchange commodities on a stable and long-term basis;

- the USSR renders economic and technical assistance to developing countries in a wide variety of branches and industries, from geological prospecting to the manufacture of finished goods. As a rule, this assistance is combined with the creation of elements of the infrastructure, housing construction and the training of personnel which makes it possible to organise efficient territorial-production complexes.

A typical feature of the USSR's cooperation with Asian countries, just as with other developing states, for that matter, is its orientation to the sphere of production: industry, agriculture, transport, etc.

In comparing the structure of the USSR's economic and technical cooperation with developing countries and the "official aid for development" rendered by industrial capitalist states, it should be borne in mind that the latter devote main attention not to projects in the sphere of production, but to those in the infrastructure. In cases of the creation of industrial enterprises, they usually take the form of assembly branches almost fully dependent on imported materials, semimanufactured goods, etc.

Naturally, the infrastructure also plays an important role in creating the necessary requisites for socio-economic development. It should be noted that quite often state bilateral and multilateral aid in the construction of infrastructure projects is closely intertwined with private investments in developing countries. This means that aid is granted not to those in need of it, but mainly to one's own monopolies.

In contrast, the Soviet Union renders assistance precisely in the creation of production projects and especially large industrial complexes which constitute the basis for the formation of entire economic regions determining in a new way their position in the economy of a developing country. These complexes contribute in the best possible manner to solution of such major socio-economic tasks as raising the level of employment, training skilled personnel and developing a raw material and manufacturing base, which facilitates not only the satisfaction of inner requirements, irrespective of import, but also an expansion of export.

The evaluation of production potentials already creat-

ed and under construction in three branches alone (steel, electric energy and oil) in the world prices of 1981—28.2 billion dollars annually—shows the scope of Soviet cooperation with Asian countries and its role for the latter's economies.

Of great importance for Asian countries' economies are projects of the basic branches built with the USSR's economic and technical assistance. The Soviet Union helped Iran, India and Turkey to build their first ferrous metallurgical enterprises of the full cycle which meet these countries' inner requirements for metal and supply it, in some instances, for export. Their importance is shown by the fact that in India in 1981, the share of enterprises built with Soviet assistance reached almost 60 per cent of the total volume of the output of five large state metallurgical plants of the full cycle.

Power production projects play an important role. The electric stations built in Syria with Soviet assistance give about 70 per cent of electricity in the country, in Iraq—more than 40 per cent, in Afghanistan—60 per cent. Cooperation in the sphere of power production enables countries to provide the developing industry with electric energy and improve the population's living standards and facilitates mechanisation in various branches of the national economies.

In a number of instances cooperation with Asian countries is very intensive and embraces many branches of the economy. Afghanistan is a case in point. In 1981 the enterprises built there with Soviet assistance accounted for about 70 per cent of all goods turned out by factories and plants in the public sector and over 40 per cent of the state budget revenues from internal sources. All projects worked at a profit last year (they gave about 14 billion afghani, or more than 200 million roubles, of profit). The national gas industry created in Afghanistan with Soviet assistance plays an exceptionally important role in the country's economy. In 1981 the export of gas accounted for almost 40 per cent of all export receipts of the country.

An acute socio-economic problem facing all developing states, including those in Asia, is provision of food for the rapidly growing population. At present, according to international statistical data, per capita food production in the developing countries of Asia is at the 1970 level; it is only in the socialist countries of the region that it has grown by 16 per cent during the past decade, which shows an improvement in the food situation. The high growth rates of the population and inability to solve the food problem by traditional economic methods, as well as exceedingly great losses during the transportation and storing of crops force the governments of Asian countries to import large quantities of food products. In the developing countries of the Far East food imports grow annually by 16 per cent, and in West Asia they reach sometimes 40 per cent in volume.

The Soviet Union renders considerable assistance in solving the food problem. About 90 agricultural projects, including state farms and grain and animal farms, veterinary laboratories and, irrigation and land reclamation centres, are being organised in Asian developing countries alone. Nearly 50 of them have already been commissioned. More than 60 flour mills, mixed feed factories, elevators, refrigerator plants, canneries, etc., should also be included in the list of agricultural enterprises.

The Soviet Union also helps Asian countries in the development of irrigation and other land improvement measures. Great amount of work has been carried out in the Socialist Republic of Vietnam during the 1976-1980

period where 0.4 million hectares had been prepared for irrigation, which comprised 75 per cent of the entire surplus of irrigated lands in the country in those years. On the whole, cooperation in the sphere of agriculture in Vietnam made it possible to create requisites for the production of about one million tons of grain and considerable quantities of bananas, pineapples, tea, coffee, latex etc.

The training of national personnel of various trades and levels holds an important place in the USSR's cooperation with Asian countries. During the years of cooperation Soviet specialists have trained more than half a million of skilled workers from among the local population; many workers have raised their skill, becoming foremen and team leaders. This has been facilitated by the organisation of special classes at big construction projects. Among the many trends of cooperation with Asian countries in recent years an important one is the training of national personnel in Soviet educational establishments for subsequent work at industrial and other projects being built with Soviet participation. Such a form makes it possible to train highly qualified national personnel with due account of modern technological requirements and organising practical work at Soviet enterprises of a similar type.

The training of national personnel is being done in the Soviet Union and also at projects and construction sites on the spot. An important role is played by educational institutions set up in Asian countries with Soviet assistance. (Their total reaches some 150 all in all). The USSR renders assistance in opening over 40 educational establishments.

The construction of various projects with Soviet economic assistance helps to tackle such an important social task as creating new jobs and thus raising the level of employment. Nearly 600,000 workers, technicians and engineers are now employed at projects built in Asian countries with Soviet assistance; about 200,000 of them have been trained either in the process of construction and exploitation or in educational establishments created with Soviet assistance, or have received their professional training in the USSR.

An inadequately studied geological pattern of many Asian countries as well as requirements in developing economies put forward the prospecting for, and exploration of, minerals as one of the leading forms of economic and technological cooperation. In many cases such cooperation continues well into the exploitation stage. Thus, by the beginning of 1982, the Indian National Commission for Oil and Gas, set up with Soviet assistance, extracted 80 million tons of oil and 11 billion cubic metres of gas; that, in particular, by working the 45 oil and gas deposits discovered with Soviet assistance. In 1981 alone, the Commission detected, with Soviet participation, 8 new deposits of hydrocarbons and extracted 11.9 million tons of oil, which permitted to save currency spent on imports.

In Syria, Soviet geologists and oilmen surveyed a number of sizeable oil deposits and helped create the national oil industry which makes a great contribution to the country's economic development. Only in 1982, the state oil revenues amounted to some \$2 billion, with oil exports providing now for more than a half of the foreign currency earnings.

The Soviet Union prospected for oil and gas and helped in fitting out deposits with equipment in the PDRY, Afghanistan, the SRV, Iraq and some other countries.

Soviet geologists helped discover and explore important coal deposits in Iran, India, Mongolia, Vietnam and other

countries. These were later provided with extracting capacities. Deposits of ferrous and non-ferrous metals and of raw materials for chemical and building industries were proved in many Asian countries. Sometimes the deposits of raw materials and fuel tapped with Soviet assistance gave rise to new industries which allowed to curtail or discontinue imports and to save currency.

A majority of Asian countries have by now created favourable requisites for the further progress of economic and technical cooperation. Large metallurgical enterprises have been, or are being, built in India, Iran, Pakistan, Turkey and the Korean People's Democratic Republic, whose designs envisage possibilities for increasing their capacities. Reconstruction has been planned of quite a few enterprises built in various branches of the economy in Turkey, Afghanistan, Syria, Iran and some other countries, with Soviet assistance. The volumes of delivery of complete plant and equipment and materials during the current five-year-plan period are to go up, as compared with the previous one: 2.7 times in Afghanistan; 1.8 in Turkey; two fold in India; 2.6 in Mongolia; almost three fold in Vietnam. Iran, Iraq, Syria, Pakistan and a number of other Asian countries will remain the Soviet Union's big partners.

Unfortunately, cooperation has not been developing so far with some countries of the Arabian Peninsula, the Philippines, Malaysia, Indonesia and others. This does not mean that our countries have nothing to offer each other. The chief reason lies in the political sphere. However, "the Soviet Union sees no obstacles to friendly cooperation with ASEAN member-countries".

The 26th Congress of the Soviet Communist Party has posed important tasks before the Soviet people and the country's economy concerning the priority development of engineering, the introduction of up-to-date technology in all branches of industry and the enhancement of its competitive power in the world markets. Solution of these tasks will provide additional requisites for the development of the USSR's economic ties with other countries and make it possible to expand considerably the volume of cooperation, particularly in the construction of atomic power electric stations, motor roads and railways, geological prospecting and the development of oil and gas deposits on sea and ocean shelves.

A natural and most important factor of a stable development of cooperation with Asian countries is the settlement of territorial disputes and liquidation of military blocs. The Soviet Union, along with other peace-loving Asian countries is constantly working for peace and security in this region and for the proclamation of the Indian Ocean a zone of peace. ■

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GENERAL

EUROPEAN MONETARY SYSTEM DISCUSSED

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[Article by Andrei Zverev, candidate of science (Economics): "The Mechanism of the European Monetary System: Problems and Contradictions"]

[Text]

Crisis phenomena in the sphere of monetary relations between the capitalist countries were characteristic features of the 1970s. They were basically caused by the instability of the capitalist economy and the deepening inter-imperialist contradictions.

The structure of capitalist monetary relations has undergone substantial changes in recent years. Still in existence are some of the monetary blocs and zones set up in the early 1930s due to the breakdown of the gold standard and the economic crisis. Today, however, the Spanish peseta and Portuguese escudo zones are no longer in existence, the sterling and French franc zones have been weakened. This is in large measure due to the developing countries' policy aimed at ensuring their independence in international monetary relations.

The growing tension between the leading capitalist countries in the economic sphere, which is also manifested in the monetary field, was noted in the CC CPSU Report to the 26th Congress of the CPSU. "The inter-imperialist contradictions", the Report reads, "are growing more acute, the scramble for markets and for sources of raw materials and energy is more frantic. Japanese and West European monopolies compete ever more successfully with US capital, and in the US domestic market too."

All this tends to regroup the capitalist forces in the economic and monetary fields. At the end of the 1970s and beginning of the 1980s this regrouping found its most vivid expression in the formation of a Monetary Union by the EEC countries.

Throughout the entire period since the Second World War the capitalist countries have been trying to devise a mechanism to regulate the exchange rates of their national currencies. In the early postwar years they established the principle of fixed currency parities within the Bretton Woods monetary system with limited deviations from the exchange rates. According to the Charter of the International Monetary Fund, for instance, such deviations were allowed a ± 1 per cent float, but under the European Monetary Agreement the fluctuation had to be contained within ± 0.75 per cent of the parity. For the West European countries the discrepancy between the highest and the lowest exchange rate of their national currencies was not allowed to exceed 1.5 per cent. The local exchange rates were maintained by way of currency interventions, i.e., through foreign currency purchases or sales. If and when the possibilities of a country were exhausted and it had insufficient gold reserves, a devaluation of its national monetary unit was carried out.

In the latter half of the 1960s recurrent crisis of the international capitalist monetary system again manifested itself causing the abandonment of the system of fixed exchange rates. In December 1971 the dollar was devalued, after which the IMF decided to increase the amplitude of exchange rate fluctuations up to ± 2.25 per cent. Simultaneously, the so-called "central exchange rates" were established for the national currencies in relation to the SDR, as well as other national currencies.

In August 1971 most capitalist countries introduced "floating" exchange rates. However, six of the EEC members, namely, Belgium, Holland, Italy, Luxembourg, the FRG and France, in April 1972 took a decision on a collective "floating" exchange rate for their national currencies in relation to the US dollar and other currencies. What is more, the limits of the exchange rate fluctuation were fixed, a circumstance which began to be referred to as a "snake in a tunnel". The "snake" fixed the limits of exchange rate fluctuation for the currencies of the EEC countries in relation to one another (± 1.125 per cent), while the "tunnel" indicated the outer limits of their joint fluctuation with regard to other currencies (± 2.25 per cent). In January 1976 the limits of deviation of the market exchange rates from the dollar parity were widened up to ± 4.5 per cent.

In March 1973, as a result of the deepening crisis of the capitalist monetary system, Belgium, Holland, Denmark, Luxembourg, the FRG and France were compelled to cancel the limits of exchange rate fluctuation for their currencies in relation to the dollar and other currencies, but the limits of fluctuation between their national currencies were maintained. This system was named the "European monetary snake". The three other EEC member-

countries (Britain, Ireland and Italy) refused to participate in this system of "floating" due to the economic difficulties facing them. Moreover, for the same reason France was compelled more than once to leave the "European monetary snake" (in 1974, 1975 and 1976). Later, Norway and Sweden joined this system.

The West-European countries' desire to achieve currency stability is dictated basically by two reasons: the need to give fresh impetus to their economies by means of monetary methods, and the need to safeguard their interests in the face of their rivals, the USA and Japan. Moreover, they try to revive the integration processes within the Common Market. However, the last few years have shown that it is increasingly difficult to do this because of the growing inflation tendencies and the deteriorating condition of their balances of payments.

The USA's annual foreign trade deficits have caused heavy inflows of US dollars into the international balance of payments. Under these circumstances those EEC countries where the national exchange rate is on the rise are compelled to buy up US currency to maintain the correlation of exchange rates. The West European countries can buy up huge amounts of US dollars chiefly by emission methods, i.e., by the issue of national currency over and above their real need for means of payment. This tends to depreciate their currencies, thus gravely affecting their economies.

The EEC countries' desire to set up a kind of stable the EEC countries which are members of the European Monetary System.² The proportion of each of the national currencies in the ECU "basket" is fixed on the basis of its share in mutual trade and the size of national income. These proportions are subject to reconsideration every five years or even more often, if and when the participation of a currency changes by more than 25 per cent.

The mechanism to regulate the exchange rates of currency area is therefore also dictated by the need to resist the export of inflation from the USA, and on the other hand to influence the USA so that it pursues a more responsible economic policy.

All this led to the setting up in 1979 of a European Monetary System within the EEC framework. The main features of this system are: the monetary unit called the European Currency Unit (ECU); the mechanism to regulate the EEC countries' national exchange rate fluc-

	Dutch guilder	Belgian franc	Danish krone	Irish pound	Deutsche mark	French franc	Italian lira
100 guilders	-	1,704.45 1,743.23 1,782.85	312.06 319.183 326.45	26.1915 26.7864 27.3975	88.455 90.4673 92.525	250.67 258.38 262.21	L.I. C.F. U.I. 49,296.00 52,341.90 55,577.00
100 Belgian francs	5.809 5.73646 5.8670	-	17.903 18.3098 18.726	1.50241 1.53659 1.57155	5.074 5.18961 5.308	14.38 14.70/2 15.0420	L.I. C.F. U.I. 2,828.00 3,002.58 3,188.00
100 Danish kroner	30.8325 31.3300 32.0425	534.00 546.154 558.60	-	8.20550 8.39216 8.58300	27.715 28.3433 28.990	78.535 80.3239 82.15	L.I. C.F. U.I. 15,444.00 16,398.70 17,412.00
100 Irish pounds	365.00 373.324 381.80	6,363.15 6,507.92 6,656.00	1,165.09 1,191.59 1,218.70	-	330.20 337.736 345.40	935.85 957.129 978.90	L.I. C.F. U.I. 184,032.00 195,405.00 207,480.00
100 Deutsche marks	108.0775 110.537 113.05	1,884.00 1,926.93 1,970.85	344.97 352.817 316.83	28.9520 29.6090 30.2845	-	277.09 283.396 289.85	L.I. C.F. U.I. 54,490.00 57,857.40 61,433.00
100 French francs	38.1375 39.0045 39.8925	664.80 679.941 695.40	121.73 124.496 127.33	10.2155 10.4479 10.6855	34.50 35.2863 36.090	-	L.I. C.F. U.I. 19,227.00 20,415.70 21,677.00
100 Italian lire	0.179925 0.191051 0.202850	3.1365 3.33047 3.5360	0.5743 0.609804 0.6475	0.048197 0.0511756 0.054338	0.1628 0.172839 0.1835	0.4613 0.499818 0.52010	L.I. C.F. U.I. - - -

Notes:

1) The exchange rate of the Belgian franc is equal to that of the Luxembourg franc.

2) Notation: L.I. - Lower limit;

U.I. - Upper limit;

C.F. - Central rate.

tuations (the so-called "supersnake"); the proposed establishment of a European Monetary Fund.

The ECU, which is declared to be the centre of the system, is a unit of account appearing in the following capacities: (a) the standard of value for the national currencies of the EEC members; (b) an "indicator" to determine exchange rate deviations from the central indicators; (c) a unit of measure for intervention and credit operations; (d) a unit of payment in operations between the monetary authorities of the EEC member-states.

The ECU is a "basket" of the national currencies of the EMS members' national currencies and the ECU is an important element of the system. The mechanism is basically intended to establish the so-called "central exchange rates" and fix the permissible limits of deviation from them. It is agreed that exchange rate fluctuations may not exceed ± 2.25 per cent for each participant (but for Italy with its comparatively "weak" currency the limits of fluctuation are fixed at ± 6.0 per cent). At present, for instance, the following exchange rates and the limits of deviation from them are in force (see the Table).

A protective system for the established parities is used to keep the mutual exchange rates of national currencies at a prescribed level. It applies two basic methods. First, the intervention of central banks. When the exchange rate of some national currency is on the decline, the currency authorities of the country concerned are to take measures to stop the fall. This is achieved by buying up the currency whose exchange rate is falling. And when the exchange rate of a currency is on the rise, measures are to be taken for its stabilization.

Second, currency policy and the increasing (or lowering) of interest rates are used as a measure to maintain the exchange rates of national currencies within the fixed limits.

When the deviation of individual exchange rates exceeds its upper or lower limit the devaluation or revaluation of the currencies concerned may be undertaken by the joint decision of the EMS member-countries. Since the EMS was established the exchange rates of the member-countries' national currencies have been changed six times. The latest change was made in February 1982 when it was decided to devalue the Belgian and the Luxembourg franc by 8.5 per cent and the Danish krone by 3 per cent in relation to the other currencies of the system.

In June 1982 the position of the French franc and the Italian lira had deteriorated. To prevent their exchange rates from going beyond the fixed limits of fluctuation the central banks of the EMS member-countries heavily intervened the monetary markets. This, however, did not produce any positive results.

On June 12, 1982, after a meeting of the EEC countries' ministers of finance in Brussels, it was decided to make a new change in the currency parities of the EMS members. A decision was made to revalue the Deutsche mark and the Dutch guilder by 4.25 per cent and devalue the French franc and the Italian lira by 5.75 per cent and 2.75 per cent respectively. As a result, the parities of the national currencies in the ECU changed as shown in the Table.

National currencies	ECU's exchange rate	
	Prior to June 14, 1982	After June 14, 1982
Belgian and Luxembourg francs	44.6963	44.9704
Deutsche mark	2.41815	2.33379
Dutch guilder	2.67296	2.57971
Danish krone	8.18382	8.2340
French franc	6.19564	6.61397
Italian lira	1,305.13	1,350.27
Irish pound	0.686799	0.691011

The main purpose of the reconsideration of the official correlation of currencies was to even up difference in the exchange rates between the Deutsche mark and the French franc. Thus the value of the French franc declined by 10 per cent in relation to the Deutsche mark, while that of the Italian lira declined by seven per cent in relation to the Deutsche mark and the Dutch guilder.

The latest parity levelling within the EMS was fresh evidence of the constant contradictions inherent in the system. Strongly pressed on the monetary markets the French franc has undergone two devaluations in eight months, including one in October 1981 when it was devalued by 3 per cent.

The franc's devaluation has confirmed the existence of serious problems in the French economy. The recent period, for instance, has witnessed a steep increase in the country's trade deficit. That is why most economic researchers agree that the French franc's devaluation by 10 per cent in relation to the Deutsche mark "has only set the counter on zero" but has not eliminated the conditions which may lead to a new devaluation in the long term.

In this connection some French economists raise the question of the expediency for the country to leave the EMS and to return to the relatively more convenient free floating of the currency. The weakness of the French franc, however, gives no ground for such a solution. In view of this the French Minister for the Economy and Finance, J. Delor, pointed out that the franc would remain within

the EMS, since the present US policy in the credit and monetary sphere makes it difficult for the franc to resist it. A similar view was expressed by the FRG Minister of Finance, M. Lahnstein, who said that one of the EMS's aims today was to adopt a common stand against the US inconsistent policy which causes mistrust.³

Three years have passed since the EMS was set up. What are the practical results of its activity?

An objective analysis shows that the plans of the architects of the system have not been carried out in full measure. First of all, they have not succeeded so far in establishing a European Monetary Fund. The original time-limit for its organizations was 1980. To this day, however, this project is as far from its implementation as it was in 1979. There is a whole complex of questions which cannot be settled because of the internal political discord in individual EMS member-countries and at the interstate level, and also because of technical difficulties. Among such problems are, for instance, the size of contributions and aid which can be received from the European Monetary Fund; the organizational forms of the Fund; the limits of its relations with central banks.

The EMS establishment has exerted a certain influence on foreign trade within the Common Market, since the relative stability of the national currencies of its members has made it possible to develop more actively this trade.

But more advantages from the existing system can be derived by countries with "weak" currencies, for the other EMS members are obliged to support them to the detriment of their own economies, and then, by the countries whose foreign trade is oriented predominantly on the Common Market, for instance, Holland whose trade with the EEC countries accounts for over 50 per cent of the total.

The advantages derived by some countries cannot have a positive effect on the process of stabilization in the monetary sphere. Over the years since its emergence the EMS has not, in fact, undergone any critical trials. P. Triffin, a well-known American specialist in the field of monetary relations, believes that the European Monetary System "is still a weak instrument and will face a bigger crisis in the future."⁴

The EMS mechanism to regulate exchange rates and to respond to their fluctuations is far from perfect. It was assumed that if the exchange rates deviated from

the central indicators by more than 75 per cent the member-countries should balance them with the help of economic measures at both national and interstate level. In actual fact, however, things were confined to banking support. The latter, however, does not mean a cardinal solution of the problem, it only temporarily smoothes out the arising difficulties. Moreover, even such a "cosmetic" method for settling mutual contradictions in the monetary sphere as banking support may only be applied with the consent of the countries concerned.

One of the major problems facing the EMS lies in its relations with the US dollar. At the present time, of course, the ECU cannot play the role of a counterbalance to US currency: its part is too small and its functions are poorly developed. But the question of the EMS members' relationship to the US dollar stands quite critical. In the first place, this is due to the fact that these countries conduct the bulk of their trade in this currency; they also pay dollars for the oil they purchase. That is why any fluctuations of the dollar's exchange rate tell on the economies of the EEC countries. The situation is also aggravated by the fact that they have no common policy towards the dollar; it often happens that one of the EMS member-countries buys up dollars on the market, while another, on the contrary, takes measures to dispose of them. At present it is difficult to present such cases for the interests of these countries do not coincide. EMS members can only hold daily mutual consultations on questions of their currency policies. Because of their contradictions, however, they cannot often find a common solution.

These countries' contradictions with the USA are seen in the question of the role of gold in the EMS. The point is that the EMS members have contributed 20 per cent of their gold reserves to this organization. As a result, the gold stock of this organization yields very little to the gold reserve of the International Monetary Fund. Now it is hard to say what will be the future role of gold in the EMS. However, the fact that three years after the Jamaica Agreement of 1976 on the suspension of gold from the monetary system the EMS member-states did decide to create a gold reserve in the EMS speaks for itself; it means above all that the EMS and the ECU have as one of their aims the creation of a counter-balance to the US dollar.

Over the past three years no compromise has been reached either on the question of Great Britain's

participation in the EMS. In this case the differences of opinion between the EMS members are particularly striking. The British economy is experiencing considerable difficulties. In these conditions Great Britain believes that its joining the EMS and assuming certain obligations with a view to maintaining the pound's exchange rate within the fixed limits will increase its difficulties. London is of the opinion that the pound sterling should be given the same conditions within the EMS as the Italian lira, explaining this by the weakness of British currency.

The question of the exchange rate of the pound sterling and the limits of its allowable fluctuations is one of the stumbling-blocks. Some Western specialists hold the view that Great Britain's entry in the EMS would lead to a forced devaluation of the pound, and this, in turn, would increase the inflation tendencies in the country.

The currencies of the EMS members are also faced with great difficulties, especially those of them which are the "strongest" and the "weakest" in the ECU basket. The EMS mechanism, for instance, is being severely criticized in the Federal Republic of Germany. The central bank of that country was compelled to take strong measures to support Deutsche mark, since the country's currency found itself "trapped", so to say, because of the system's insufficient flexibility. The West German currency was weakened in relation to the US dollar, but within the EMS the Deutsche mark is a "strong" currency. This makes it difficult for the country to pursue its own currency policy. West German researchers note, in particular, that had the exchange rates within the EMS been settled in good time the Bundesbank would not, perhaps, have had to take such strict measures to support the national currency, measures which have adversely affected the country's economy. In 1981 some West German special institutes dealing with monetary and credit problems recommended that the government temporarily withdraw the mark from the EMS. It is believed that the existing limits of exchange rate fluctuations for the national currencies of the EMS member-countries are too narrow.

In view of the role the EMS plays today we may characterize this system as insufficient for the needs of the crisis-hit monetary system of capitalism.

The relatively small number of changes in the exchange rates of the EMS countries' currencies should

not be explained by the "disciplining influences" of the EMS's exchange rate and credit mechanism. This is chiefly the result of the Deutsche mark's weakness in relation to the US dollar, which permitted the exchange rates of the currencies of countries with economic indicators worse than those of the FRG to fluctuate within relatively narrow limits. The FRG's partners in the EMS followed the common line, lowering the exchange rates of their currencies in relation to the US dollar following the Deutsche mark; this tended to increase the cost of imported goods and, in turn, created an additional factor of inflation. Thus, the EMS mechanism can be regarded as a kind of independent source of inflationary tendencies within the Common Market.

Nor has the ECU, which was intended to become in the long term the collective currency of the EMS members circulating along with their national currencies, justified the hopes of its architects.

By now some 50,000 million ECUs have been issued; they, however, are not used for purposes of currency support, as was primarily intended. The Deutsche mark and the US dollar as well as some other national currencies continue to be used as a means of support on the money market.

An analysis shows that the ECU is a unit of account with incomplete features of international credit money. The ECU restrictedly performs some functions of money, which in fact come to the use of this unit of account as a "standard of value" for a narrow range of operations, a means of payment and settlement, and also as a currency reserve.

Within the EMS and the entire Common Market the ECU is not the only "standard of value" because other currencies, such as the US dollar and SDR, are also used as such standards.

ECUs can be used to repay short- and medium-term credits (though not in full). According to the existing rules of using ECUs, however, the currency supplied in exchange for ECUs is not considered purchased or paid, but is regarded as a credit facility to be paid for. Part of this credit may be repaid in ECUs, while the remaining part should be repaid in SDR or reserve currencies according to the structure of the debtor-country's reserves.

It is therefore quite logical to conclude that the characteristic of the ECU as a unit of account is

dominant. This is attested to by the fact that the ECU is basically used in such operations as support for national currencies, various statistical comparisons, and settlements.

The EMS currency agencies are taking measures to widen the use of the ECU as the currency of inter-state credit or state bonded loans on the international capital market, and also to increase the amount of ECUs in private circulation. The joint-stock companies Euroclear and Sedel, for instance, which make international trade settlements in securities, have begun to use ECUs as a means of payment in such transactions.

In 1981 the Italian treasury began to raise a bonded loan to the amount of 500 million ECUs. In EMS history it is the first state loan in ECU terms on the private capital market. The period of the loan is seven years at 14 per cent per annum. The debt and interest will be paid in Italian lire at the current rate of the lira in relation to the ECU. Two-thirds of the loan are to be placed on the Italian capital market, while the remaining part is to be raised among foreign investors. What is more, issuing the said loan the Italian government had two principal aims in mind: first, to transform the country's short-term debt into a long-term one, and second, to widen the use of ECUs as lawful money for private payments.

The loan is planned to be highly popular among West European investors, for it contains a convenient multiple currency clause. First of all, the West European currencies constituting the ECU "basket" fluctuate in relation to this monetary unit to a relatively lesser extent than in relation to, say, the US dollar. That is why the investment of resources in bonds indexed in ECUs reduces the possibility of currency losses in the event of exchange rate fluctuations. More than that, it is convenient as far as long-term prognostications are concerned. This means that for each creditor participating in the loan the efficiency of investments lends itself to a relatively accurate assessment.

To expand the sphere of the ECU it is also proposed that ECU loans should be issued by EEC institutions and that private emitters should be encouraged to use ECUs as the currency of their loans, and the central banks of oil-producing countries to sell ECU securities.

In May and June 1982 two big ECU bonded loans were placed on the Euromarket: the first to the amount of 40 million ECUs for the I.M.I. company (Italy), and the second to the amount of 50 million ECUs for the Canadian Hydro-Quebec.

West European economists believe that the interest in ECU-based transactions is primarily explained by

the fact that as distinct from, say, the SDR the ECU does not have a dollar component in its "basket", which makes participation in such transactions considerably less risky for those countries whose currencies constitute the European monetary unit. As interest rates in the USA rise and the dollar gains in strength the number of SDR-based operations decreases. Moreover, some EMS member-countries are active in enhancing the role of the ECU in various transactions, and many of their financial institutions keep part of their deposits in ECUs.

To increase the role of the ECU and to use it more actively the French monetary authorities have introduced a regulation which relieves transactions in ECUs from internal currency and credit restrictions and makes this unit of account fully convertible.

With a view to studying and developing banking and financial transactions in ECUs the three French state banks, Caisse de dépôt et consignment, Banque nationale de Paris and Crédit Lyonnais, in June 1982 took a decision to set up a Group of European Currency Cooperation. However, several countries which are not EMS members did not support this. The US banks oppose every initiative to broaden the ECU's sphere, and the Swiss banks, for instance, evinced no interest in this undertaking.⁵

It is also worth noting that in March 1982 the Lavoro Bank International, an affiliated branch of the Banca Nazionale del Lavoro, a major commercial bank in Italy, issued certificates of deposit to the amount of 10 million ECUs and placed them with the European Investment Bank (EIB). This issue of certificates of deposit in ECUs is the second in EMS history (the first was made by Lloyds Bank (Great Britain) late in 1980). The issue of money certificates in ECUs is a component part of the EIB programme to diversify its short-term assets and widen the use of ECUs.

The working out of a common policy towards the US Federal Reserve System (FRS) is an important aspect in the activity of the EMS. Most researchers in the West are sceptical about the possibility of progress in the coordination of currency policy between the EEC and the USA when the American monetary authorities are actually inactive in the face of sharp fluctuations in the dollar's exchange rate. Some economists are of the opinion that progress in this field could be facilitated by the conclusion of a permanent

"swap" agreement between the European Monetary Cooperation Fund and the Federal Reserve System, which would replace the existing bilateral credit lines between individual central banks of the EEC and the FRS. Such an agreement would help to stabilize the exchange rates of the EMS members' currencies, thus making it possible to give banking support in one currency and pay FRS support debts in another.

Most economic experts in the West believe that in the present conditions it is impossible to pass on to the so-called "institutional" stage in the development of the EMS, i.e., the next after its "preparatory" stage. At the same time many researchers hold that despite the sharp contradictions between the EMS member-countries no question of disbanding the system will be raised by them in the near future. The matter will rather pivot on gradual modification of this system with a view to imparting greater flexibility to it.

Wider limits of exchange rate fluctuation, for instance, are suggested as a measure to reduce tensions within the EMS. In so doing, reference is made to Italy which has far more favourable conditions for its currency policy thanks to the wider range of fluctuations of the lira's exchange rate (± 6 per cent). According to specialists from the Bank of Italy, fixed limits for such fluctuations should be ± 4.5 per cent for all EMS members.

There are several views on the prospects of the EMS. Some economists believe that the system is disintegrating, others think that on the whole it will survive, although it will be undermined by frequent currency devaluations. Some researchers from capitalist countries believe that it would be better if the EMS were transformed into a kind of zone to be dominated by the Deutsche Mark as the strongest currency within the system. All this warrants only one conclusion: the EMS has not become the instrument of the EEC countries' monetary policy. The system is not efficient enough, its functioning is not free of troubles. This is evident from the economic situation of the West European countries which in the final count affects the interests of the working masses in these countries. We believe, nevertheless, that experiments with the object of creating the EEC's currency mechanism will be continued.

Whatever the results, the creation and functioning of the EMS is leading to a new stage in the growing contradictions between the capitalist countries in the monetary sphere.

¹ *Documents and Resolutions. The 26th Congress of the CPSU*, Novosti Press Agency Publishing House, Moscow, 1981, p. 27.

² At present the EMS includes 8 of the 10 EEC countries, namely, Belgium, Denmark, Ireland, Italy, Luxembourg, the Netherlands, France and the FRG. Britain has postponed the question of its participation for some time; Greece does not participate in the EMS either.

³ *Le Monde*, June 16, 1982.

⁴ *Institutional Investor*, 1981, No. 11, p. 112.

⁵ *Neue Zürcher Zeitung*, July 29, 1982.

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GENERAL

ROLE OF INDIVIDUAL SSR'S IN SOVIET FOREIGN TRADE

Moscow FOREIGN TRADE in English No 3, Mar 83 pp 7-12

[Article by Dmitri Gorbatenko, and Vladimir Savin, Cand. Sc. (Econ.)]

[Text]

Sixty years ago the First All-Union Congress of Soviets proclaimed the Declaration on the formation of the Union of Soviet Socialist Republics. Thus, for the first time in the history of mankind by free will a true fraternal union of peoples was created. The Russian Soviet Federative Socialist Republic (RSFSR), the Ukrainian Soviet Socialist Republic (UkSSR), the Byelorussian Soviet Socialist Republic (BSSR) and the Transcaucasian Soviet Federative Socialist Republic (TSFSR) comprising Azerbaijan, Armenia and Georgia, were united in the new state as independent Republics.

In May 1925 the Third All-Union Congress of Soviets accepted Uzbekistan (which at that time included Tajikistan) and Turkmenistan into the USSR as Union Republics. In December 1929 the Tajik SSR was formed. In 1936 the Kazakh and Kirghiz Autonomous Republics were made into Union ones. The same year Azerbaijan, Armenia and Georgia included earlier in the TSFSR became independent Union Republics.

In 1940 the peoples of Latvia, Lithuania and Estonia took a decision to enter the Union of Soviet Socialist Republics as Union Republics. That very year the Moldavian people reunited and the Moldavian ASSR became a Union Republic.

The Decree of the CPSU Central Committee "On the 60th Anniversary of the Formation of the Union of Soviet Socialist Republics" pointed out: "The RSFSR had played a decisive role in creating a single union state. All Soviet Republics united around it on a strictly voluntary basis. Being the first multinational Soviet

state the RSFSR was the prototype of the Union of Soviet Socialist Republics. The Russian people notwithstanding difficulties and privations rendered disinterested aid to the country's other peoples in upholding their revolutionary gains, made an invaluable contribution to overcoming the backwardness of the former national outlying districts."

Sixty years is a short period of time in a country's history. Nevertheless, the socialist productive relations acted as a powerful accelerator developing all the Union Republics' economies.

The national income of the Soviet state has increased over the sixty years many times. The USSR's share in world industrial production grew from one per cent in 1922 up to twenty per cent at the present time.

In a mature socialist society, a single national economic complex — the material foundation of the USSR peoples' fraternal friendship — is successfully progressing. Each Republic's economy takes an important place in the social division of labour. The accomplishment of such large all-Union economic tasks as the development of fuel, power and raw material resources in the regions of Siberia, the Far East and North, the zone of the Baikal-Amur railway and also development of the Non-Black-Earth Zone considerably contribute to the further upsurge of all Soviet Republics. For this purpose an active mobilization of material and labour resources of all Republics is being carried out.

In line with the USSR Food Programme for the period ending in 1990, adopted at the May (1982) Plenary Meeting of the CPSU Central Committee, all the Union Republics plan an accelerated development of the agro-industrial complex, the foundation of which is farming.

Foreign trade, on the basis of quick and qualitative changes in the country's economy also developed rapidly having, in its turn, a stimulating effect on the economy as a whole. In 1922/23, the USSR foreign trade turnover did not even reach 250 million rubles, in 1981 it grew up to 109,700 million rubles. The number of countries — the USSR's trade partners, has considerably increased. At present the Soviet Union maintains trade relations with 142 countries on which a predominant volume of the world industrial and agricultural production as well as foreign trade falls.

Over the sixty years great qualitative changes in the trade commodity structure have also occurred. In the 1920s in the export structure three groups of goods prevailed: forest products, flax and grain. The present Soviet export structure includes a wide range of goods the main share of which has been industrially processed.

The successes in Soviet foreign trade have been achieved due to the advantages of the centralized system of management of this important economic sector.

The question on the forms of the foreign trade management has been of great importance since the very beginning of the united state. On June 9-12, 1923, at the meeting of the Russian Communist Party (B) Central Committee with the executives of the National Republics this matter was thoroughly discussed and it was decided expedient to consider the People's Commissariat for Foreign Trade as an All-Union one.

The Decree of the USSR Central Executive Committee, dated July 13, 1923, stated: "The necessity of complete centralization in conducting foreign trade on the basis of the state monopoly for protecting the Soviet Republics from the attempts of the capitalist states to enslave them forced them to create the single All-Union People's Commissariat for Foreign Trade".¹

The principles and organizational forms of the Soviet foreign trade, formed after the victory of the Great October Socialist Revolution assure for each Republic and each economic region all possibilities for wide participation in the international division of labour. The foreign trade monopoly, established under the guidance and personal participation of Lenin and protected from all kinds of infringement, is the basic principle on which economic relations with foreign countries are built even today. This principle, being one of the most important in the life of the socialist state has always been reflected in our country's Constitution including the USSR Constitution adopted at the extraordinary seventh Session of the USSR Supreme Soviet of the ninth convocation, October 7, 1977 (Article 73, Para. 10).

The foreign trade management system is designed with due regard to the objective necessity of maintaining effective connection with the country's export production.

In this respect great importance is attached to the role of the representatives of the Foreign Trade Ministry at the Councils of Ministers of all Union Republics, except in the RSFSR, and also the representatives of the Foreign Trade Ministry in Leningrad, Leningrad region and the Far East. If necessary in some regions branch divisions of these representatives' offices are set up, which are entrusted with a wide scope of tasks, in particular, assistance in fulfilling the plans of export product deliveries and finding additional export resources. These and other numerous matters are being accomplished by the representatives' offices in close cooperation and active participation of the Republican and local economic organizations.

The State Inspection for Quality of Export Goods maintains direct connection with industrial enterprises. The State inspection system is based on the territorial principle and has its territorial offices and divisions in all Union Republics.

The board of each all-Union foreign trade association includes representatives from the corresponding industrial sectors making it possible to solve diverse problems of developing export goods production more effectively.

Particular features of some all-Union foreign trade associations' activities are caused by the need to establish direct contacts with local economic organizations. To cope with such cases the Associations are setting up territorial branches in certain towns. Thus, Exportles has such branches in Arkhangelsk, Petrozavodsk, Leningrad, Riga, Uzhgorod, Novorossiisk, Yuzhno-Sakhalinsk and Khabarovsk; Sojuzpromexport — in Donetsk and Krivoi Rog; Sojuzvneshtrans — in ports and the country's border points.

The system of the Foreign Trade Ministry contains special subdivisions for dealing with trade within a certain territorial framework. The question is primarily about the coastal and border trade. Such operations are carried out, for instance, through Lenfintorg and Dalintorg. These foreign trade organizations use the export resources of the country's border regions and at the same time satisfy certain demands of the latter for necessary import of industrial and consumer goods.

The country's consumer cooperative societies also participate in goods exchange operations with foreign partners. Their organizations actively operate in the

Union Republics' border regions. The All-Union Cooperative Foreign Trade Association Sojuzcoopvnesh-torg included in the system of the Central Union of Consumer Societies (Centrosoyus), undertakes operations with foreign cooperative organizations and firms.

Expansion of the coastal and border trade is expressively oriented on utilizing diverse forms of the territorial division of labour in the interests of expediently developing all the country's regions.

The USSR Chamber of Commerce and Industry (CCI of the USSR), reorganized from the USSR Chamber of Commerce, is an important body promoting development of foreign trade and the strengthening of ties with industry. Chambers of Commerce and Industry set up in the Union Republics are fruitfully operating and on the territory of the RSFSR branches of the USSR CCI function in Moscow, Leningrad, Krasnodar, Sverdlovsk, Khabarovsk, Irkutsk and Vladivostok. Thousands of enterprises and organizations widely representing the Soviet Union's export base are members of the USSR CCI and the Republican Chambers of Commerce and Industry.

Special management bodies are being established for assuring participation of the Union Republics in the international division of labour. For this purpose the Presidiums of the Union Republics' Councils of Ministers set up certain commissions under the Presidiums of the Councils of Ministers of the Union Republics on the matters of economic ties with foreign countries. The commissions are headed by the Deputy Chairmen of the Councils of Ministers of the Union Republics. These commissions deal also with organization of over and above the plan exports of the Union Republics.

The Republican planning and other economic bodies have structural subdivisions for developing export goods production within the specified territorial limits.

To assure fulfilment of the production plans on goods deliveries under the coastal trade the executive committees of the corresponding districts and regions have special coastal trade divisions.

The formation of the USSR accelerated the process involving the economies of all the country's regions into the sphere of the international division of labour, led to more active participation in it and promoted the

radical changes in the structure of export deliveries and more precise specialization of production in the Union Republics and economic regions.

As is well known non-processed agricultural products predominated in the export of pre-revolutionary Russia and this was explained not by a surplus of agricultural products in the country but by the underdeveloped home industry.

However, within ten years after the formation of the USSR serious changes in the commodity structure production occurred in the country as a whole and in each separate Republic. In 1932 the share of industrial products in the RSFSR export deliveries amounted to 61.2 per cent, Ukraine — 44.5 per cent, Byelorussia — 60.7 per cent, the Transcaucasian Federation embracing Azerbaijan, Georgia and Armenia — 87.7 per cent.² These changes were the direct result of our country's industrialization.

Even at that period the economies of all the Union Republics received a lot of imported machinery and equipment so necessary for creating new and developing the existing industrial sectors. Complete imported equipment was installed at such Moscow factories as automobile (now bearing the name of Likhachev), ball bearing (GPZ-1), Frezer, Kalibr, Krasny proletari, at the Gorky automobile factory, at the Ural factories — the Magnitogorsk iron and steel works, the Chelyabinsk tractor factory, the Ural heavy engineering works in Sverdlovsk; in Siberia, particularly at the Kuznetsk iron and steel works; in the Ukraine when constructing Dneproges, at the Kharkov tractor and machine-tool plants, at the Zaporozhye and Krivoi Rog iron and steel works, when outfitting the Azerbaijan oil industry, in many of the country's economic regions when building and modernizing railways, etc. Of course, first of all home equipment was of great importance for the country's industrialization, however, the machinery and equipment import which became possible due to the rapid Soviet export growth was economically justified and was a constituent of the economic policy of the Party and the Government.

Subsequent years were years of the rapid development of all Union Republics' economies and, based on this, their more active participation in the international division of labour.

The Russian Federation — the country's most pow-

erful Republic in economic potential — takes a leading place in oil production (including gas condensate), gas and coal, in manufacturing metal-cutting machine tools, motor vehicles, tractors, chemical equipment, cement, textile, refrigerators, television sets, furniture, as well as in the logging and timber sectors.

The Russian Federation is the first in the USSR's export potential. According to our estimates, the enterprises in this Republic handle over two thirds of all USSR export deliveries.

Diverse machinery, equipment and transportation facilities, fuel, especially oil and gas, mineral raw materials, ferrous and non-ferrous metals, timber and pulp-and-paper goods, chemical industry products, furs and pelts have a prominent place in the export delivery structure.

On the territory of the Republic in cooperation with foreign countries such large projects have been built or are under construction as: the Togliatti motor factory, truck factory in the Brezhnev town, the Volgodonsk Atommash, the Oskoi electrometallurgical complex in Belgorod region, the Kostomuksha ore-mining and dressing complex in Karelia, largest trunk oil pipelines, gas pipelines, scores of large chemical enterprises, projects of the forest and pulp-and-paper industry among which the Ust-Ilim forest-industrial complex is of an outstanding significance.

The gas-pipes project envisaging deliveries on credit of large-diameter pipes and equipment to the USSR for gas-pumping stations from some industrial capitalist countries and subsequent gas deliveries from the USSR to a number of West European countries on a compensation basis is called the transaction of the century. The project will start gas deliveries from 1984. The agreement provides for supplying the Siberian gas to the West European countries for twenty-five years.

In its technical, engineering characteristics the Urengoi-Pomary-Uzhgorod gas pipeline is unique. Its length is 4,451 kilometres. It is being constructed in one channel with five other gas pipelines through 24 regions and Autonomous Republics in the RSFSR and the Ukraine, passes through permafrost areas, marshy zones, mountains and crosses 26 big rivers. Very powerful 16,000 to 25,000 kW gas-pumping power units such as have been used before are being installed along it. The gas pipeline control system is to be fully

automated.

In July 1982 the CPSU Central Committee and the USSR Council of Ministers approved a patriotic initiative from the labour collectives of enterprises and organizations under a number of ministries on assuring the timely commissioning of this gas pipeline. A decree on the measures assuring construction of the above gas pipeline in accordance with the decisions taken earlier was adopted. Gas deliveries to home consumers will be in the volumes as specified for the 11th Five-Year-Plan Period and those for export — in line with the concluded contracts, i.e., from 1984.

In the RSFSR eastern regions the building of the Baikal-Amur railway is going on at full speed. At the 26th CPSU Congress it was decided to begin train operation over the whole length of the Baikal-Amur Railway in the 11th Five-Year-Plan Period. The next task is a wide development of the Baikal-Amur Railway zone. Diverse natural resources are already known, they have been discovered and evaluated on this huge territory even now.

This creates favourable prerequisites for long-term and large-scale international economic cooperation. Among the possible projects are the following: industrial exploitation of the Udokan copper deposit (Chita region), the Molodezhnoe chrysotile asbestos deposit (the Buryat ASSR), construction of a powerful iron and steel complex using the coal and ores in South Yakutia, etc. The first steps towards realization of the far-reaching international economic cooperation programme in the Baikal-Amur Railway zone have already been undertaken (forest projects, a project for industrial exploitation of the Nyurengri coal field in South Yakutia) but much more is to be done.

The Ukraine turns out a substantial portion of the all-Union pig iron, steel and coal production; it takes the first place in producing iron ore and manufacturing granulated sugar, the Republic makes many tractors, much agricultural machinery, mineral fertilizers and other industrial products.

Great successes achieved in the Ukrainian economy, its diversity and favourable transport and geographical position have stipulated the Republic's active participation in the USSR foreign trade. In the degree of development of export production the Ukraine holds one of the country's leading places.

The Ukrainian export goods structure includes thousands of named items. Besides the products of the machine-building industry, iron and manganese ores, pig iron, rolled metals, ferro-alloys, electric power, gas, coal and other goods are also exported.

As a result of the Ukraine's compensation-based cooperation chemical enterprises in Odessa, Gorlovka, Dneprodzerzhinsk and other towns and the Nikolayev alumina factory have been constructed. Varied service lines of great export significance including the Druzhba oil pipeline, the Soyuz gas pipeline, an ammonia pipeline, and electric power transmission lines span the territory of the Republic.

Byelorussia which before the Great October Socialist Revolution was one of the most backward regions in the European part of Russia, has now such industrial sectors as automobile-and-tractor, instrument making, electrical and radio engineering, chemical, oil-extracting and refining industries. Byelorussia produces more than one half of the all-Union potash fertilizer output, it occupies the country's first place in the manufacture of harvester-shredders and fodder harvesters. The Byelorussian enterprises turn out every sixth Soviet tractor, every fifth motorcycle, every seventh metal-cutting machine tool.

Export goods production in the Republic is developing soundly on this strong economic foundation. A distinctive feature of the Republic's export list is its high share of engineering products. Byelorussian tractors, trucks and machine tools are widely known in other countries. The share of export deliveries of mineral raw materials and chemical goods is growing.

On the basis of imported equipment many industrial enterprises have been constructed and modernized in the Republic. Among them are such large-scale projects of the chemical industry as the Mogilev Khimvolokno association, the Svetlogorsk man-made fibre factory, the Azot industrial association in Grodno. Many projects are still under construction.

Latvia, Lithuania and Estonia, after having joined the USSR, got an opportunity to rapidly develop their economies and achieved high results. Every third passenger coach, every fourth radio set, every sixth bus and washing machine manufactured in our country bear a Latvian factory trade-mark. In Latvia production of Soviet diesel locomotives, transistor radio

sets, micro-buses and noiseless trams has started for the first time.

Along with other goods Latvia exports electric trains, diesels, microbuses, radio sets, instruments and devices, products of the chemical and other industries.

Lithuania is an exporter of machine tools, electrical engineering goods and agricultural machinery.

The Estonian SSR is the major base in the country for mining oil shales. The products of the machine-building industry such as: excavators, electric motors, electrical engineering equipment, radio-electronic and electric measuring instruments as well as products of the shale-chemical and pharmaceutical industries occupy a prominent place in the Estonian export.

The Baltic economic region's specialization is the fish industry. This region takes the second place in the country after the Far East by the volume of catch and manufacture of fish products.

The region actively participates in large-scale international economic cooperation. Under the agreement with the American firm, Occidental Petroleum Corp., a factory adjacent to the port for processing chemical products has been constructed in Ventspils. This factory is operating successfully producing export goods and providing the economy with most valuable chemical products.

In Moldavia, radical changes in the economy have occurred during the years after it became the Soviet Socialist Republic. Over this period the industrial production volume in the Republic has increased more than 900 times. Large enterprises have been built such as: Vibropribor, Elektrodvigatel, Elektromashina, Moldavkabel, Elektroapparatūra, a pump and a tractor factory and a series of projects for the food industry. Moldavia is a large viticulture, horticulture and vegetable-growing region. These branches of highly mechanized agriculture determine the profile of the Republic's specialization in the Union.

The Republic's present industrial and agricultural production is a good base for developing export production. Here various products of electrical engineering, pumps, tractors as well as products from different branches contained within the food industry are designed for export.

The economic profile of the Transcaucasian Republics is characterized by the utilization of rich natural resources — Azerbaijan's oil, Georgia's manganese and Armenia's copper. There is a mighty power base here; many sectors of the machine-building and chemical industries have appeared.

Georgia, besides such engineering products as machine tools, ships, welding equipment, exports products of the metallurgical industry, petroleum products, electric energy, tea and wines.

In Azerbaijan's export structure engineering products, especially for the oil industry as well as petroleum products and aluminium play an important role. Cotton export deliveries are considerable.

Armenia is among the Republics in whose export the share of finished products is high. The range of products of the machine-building industry is rather wide: from machine tools, forging and pressing equipment to watches and instruments. The Republic also sends abroad a high share of its chemical products and non-ferrous metals.

A vivid example of great changes in the life of previously backward national outlying districts is the participation of Middle Asian Republics and Kazakhstan in Soviet foreign trade. Over the years of Soviet government a powerful agrarian and industrial complex has been formed in this area. Large cotton-growing, grain-growing and cattle-breeding bases were formed. Rich raw material and fuel resources made it possible to develop ferrous and non-ferrous metallurgy, chemistry and petrochemistry. The machine-building industry, in fact, started from scratch.

The Middle Asian Republics' export deliveries include a wide range of engineering products being manufactured at enterprises in Tashkent, Frunze, Chirchik, Ashkhabad, Mary, etc. Machinery for cultivating and harvesting cotton, textile, lifting and conveying, electrical engineering and electronic equipment, tractors, excavators, etc. are exported from this region. These republics are also the export source of non-ferrous metals, chemical products, building materials and natural gas. Lint, cotton seeds, karakul (astrakhan) and tobacco occupy an important place too.

Kazakhstan's export structure is based on its non-ferrous and rare metals, various products of ferrous metallurgy. The Republic's machine-building industry exports a wide range of products: lathes, forging and pressing equipment, agricultural machinery, excavators and electrical products. Among other goods, cotton and karakul have a prominent place.

Today products bearing the trade-marks of enterprises in all Union Republics are well known in many countries. This is the result of the policy of the CPSU and the Soviet government aimed at the all-round development of the economies of all country's regions. The 26th CPSU Congress outlined a wide programme for the further development of the Union Republics' economies. Realization of this programme will make it possible for them to contribute still more to the Soviet Union's foreign trade and expansion of mutually beneficial economic ties with the socialist, developing and industrial capitalist countries.

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GENERAL

DISCUSSION, TEXT OF STATUTE ON TRADE REPRESENTATIONS

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[Article by Oleg Kozhevnikov, head of the Treaties and Legal Department, USSR Ministry of Foreign Trade: "New Statute Concerning USSR Trade Representations Working Abroad"]

[Text]

The steady development of Soviet foreign trade, the widening and deepening of economic and industrial co-operation of the USSR with foreign countries, appearance of new forms of cooperation — all constantly call for improvements to the legal foundations of foreign trade and other external economic activities. The adoption of the new Statute on Trade Representations of the USSR Abroad¹ has become an important document for improving these foundations. The Statute has generalized the preceding operative experience of the USSR's Trade Representations, made their functions and rights more precise, and set new aims for them. Elaboration and adoption of the new Statute on Trade Representations of the USSR abroad took place within the framework of activities conducted in our country to improve Soviet legislation. Over recent years many very important legislative acts have been adopted in which matters of foreign trade and other kinds of external economic activities of the USSR are dealt with to some extent. First of all, the new Constitution of the USSR of 1977 should be mentioned, and the Law of the USSR on the Procedure of Conclusion, Fulfilment, and Denunciation of International Treaties of 1978.² It is also necessary to point out that the previously existing Statute on Trade Representations and Commercial Agencies of the USSR Abroad, approved by the Decision of the Central Executive Committee and the Council of People's Commissars of September 13, 1933, had already lost its practical significance and do not meet present-day requirements.³ It was one of the rea-

sons for adopting a new Statute on Trade Representations.

In accordance with Article 73 of the Constitution of the USSR of 1977 the jurisdiction of the USSR, as represented by its highest bodies of state authority and administration covers "foreign trade and other forms of external economic activity on the basis of state monopoly". The monopoly of Soviet State on foreign trade and other external economic activities presupposes by virtue of its specific nature the existence of bodies of state administration for these activities both inside the country and abroad. Trade Representations of the USSR are the bodies exercising in foreign states the rights of the Soviet Union in the field of foreign relations and other kinds of external economic activities, including trade, economic and industrial cooperation on the basis of state monopoly (the rights of the USSR in the field of economic cooperation and extension of technical assistance in those countries where there are Counsellors for Economic Affairs of the Embassies of the USSR, are exercised by these Counsellors - Art. 1 of the Statute). Functions, duties and rights of Trade Representations as bodies of state administration of the USSR, operating in special conditions - abroad, require a special regulation by the supreme legislative body of the Soviet Union, as it is the matter of exercise of the rights of the Soviet State itself.

The main duty of the Trade Representation, as a body of the USSR, is to realize foreign trade and other external economic interests of the Soviet State in the country of residence of the Trade Representation. In this connection the new Statute on Trade Representations provides that Trade Representations of the USSR⁴ represent the interests of the Soviet Union in countries of residence in all matters pertaining to foreign trade and other kinds of external economic activities, monitor the implementation of international treaties on the matters of foreign trade, including matters of trade, economic and industrial cooperation, concluded between the USSR and states of residence.

Togther with these duties the new Statute relates to the main duties of Trade Representations of the USSR also the duties to promote the development of foreign trade and other kinds of external economic activities between the USSR and countries of residence, as well as render assistance to Soviet foreign trade and other

economic organizations vested in the established manner with the right to enter foreign markets, in the execution of foreign trade transactions with organizations and firms in countries of residence.

Trade Representations of the USSR, while being subordinated to the Ministry of Foreign Trade of the USSR (Art. 8 of the Statute), are not bodies of that Ministry but they are, as it has been mentioned above, bodies of the Soviet Union. This very fact brings about, in particular, those provisions of the new legislative act which assign to Trade Representations the work on the implementation of the foreign trade policy of the USSR aimed at the development of foreign trade and other kinds of external economic activities, the creation of most favourable conditions therefore in the countries of residence, protection of the trade policy and economic interests of the USSR in the countries of residence. Trade Representations inform various state bodies of the USSR of general economic and market conditions in countries of residence, as well as various organizations in countries of residence on economic and commercial conditions in the USSR, assist Soviet foreign trade and other economic organizations in the conduct of negotiations, conclusion and execution of foreign trade transactions with organizations and firms in countries of residence, etc.

Taking into consideration the constantly growing importance and significance of cooperation among the member-countries of the Council for Mutual Economic Assistance, the new Statute especially singles out as one of the functions of Trade Representations their participation in work assisting the development of the CMEA member-countries' socialist economic integration, coordinating the state plans of the USSR and plans of these countries, facilitating the implementation of long-term specific programmes of cooperation, bilateral long-term programmes of specialization and cooperation in production, and international treaties concluded for the purpose of their realization.

The provision of the duty of Trade Representations to work on the development of new forms of foreign trade and other kinds of external economic activities of the USSR in countries of residence is a new element in the regulation of the activities of Trade Representations. Dictated by the concern for increasing the effectiveness of foreign trade and other external eco-

conomic activities, this provision is called upon to play an important role in the search for additional possibilities in the mutually beneficial use of the advantages of the international division of labour.

One of the most important functions of Trade Representations in accordance with the new Statute is their control in countries of residence over the observance by Soviet foreign trade and other economic organizations that have been vested in the established manner with the right to enter foreign markets, of Soviet legislation on foreign trade and other kinds of external economic activities, and also control over activities of these organizations. This rule of the new Statute underlines the central place which Trade Representations have in the matters of realizing the various kinds of economic ties of Soviet organizations with other organizations in countries of residence of the Trade Representations.

The Statute of 1982 also includes in the functions of Trade Representations the issuance of permissions for importation of goods in the USSR, transit of goods via USSR territory, permissions for re-export of Soviet goods, issuance of certificates of origin of goods and other documents necessary to carry out foreign trade and other kinds of external economic activities of the USSR with the countries of residence. Trade Representations of the USSR participate in the work of intergovernmental commissions and committees on the matters of trade, economic and industrial cooperation, international economic organizations and their working bodies in the part pertaining to foreign trade, assist in holding USSR national trade and industrial exhibitions and participation of Soviet foreign trade and other economic organizations in international exhibitions and fairs in countries of residence. In accordance with the new Statute Trade Representations of the USSR may perform other functions placed on them by USSR legislation and international treaties whereto the USSR and states of residence of Trade Representations are parties.

The Statute on Trade Representations of 1982 regulates also a number of purely internal matters of activities of Trade Representations. Art. 9 of the Statute provides that Trade Representatives of the USSR, who head Trade Representations, and their deputies are appointed to posts and relieved from posts by the Council of Ministers of the USSR at recom-

mendations of the Ministry of Foreign Trade of the USSR, agreed with the Ministry of Foreign Affairs of the USSR. The Ministry of Foreign Trade of the USSR determines the structure of Trade Representations and staffs their personnel.

The new Statute, as was the case in the previous legislation, states that the Trade Representation is a component part of the Embassy of the USSR in a country of residence and enjoys privileges and immunities established with respect to Embassies of the USSR.⁵ Being a part of a diplomatic representation of a foreign state in the country of residence, the Trade Representation should enjoy all the rights and privileges which are given to such kind of institutions in accordance with the generally recognized principles and rules of international law, including those under the Vienna Convention on Diplomatic Relations of 1961.⁶ In particular, premises occupied by Trade Representations, property located thereon and means of transport of Representations enjoy immunity from search, requisition, attachment and execution. Official correspondence, archives and documents of Trade Representations also enjoy immunity irrespective of their location. Diplomatic privileges also include the right of Trade Representations and their branches to use cipher. The Trade Representative of the USSR and his deputies enjoy diplomatic privileges and immunities as members of a diplomatic mission. Administrative, technical and service staff of Trade Representations enjoys privileges and immunities established for similar staff categories of employees of Embassies of the USSR in countries of residence (they enjoy immunity against civil and administrative jurisdiction of the country of residence only with respect to actions committed by them when performing official duties, they are exempted from local taxes on income obtained on the service of Soviet Government, etc.).

In regulating the matters of interrelations of Trade Representations with foreign persons, the new Statute (Art. 5) provides that Trade Representations may perform on their behalf, and on behalf of the USSR, transactions and other legal acts necessary to perform duties placed on them, sue or act as plaintiff's representative in courts. The possibility of exceptions from legal immunity of Trade Representations is provided for in Art. 5 of the Statute which establishes that Trade Rep-

representations of the USSR may act in courts of the country of residence as a defendant on those disputes which arise out of transactions and other legal acts performed by Trade Representations in such a country, only, if an international agreement with this country or the Soviet Union by way of a unilateral statement expresses the consent to subject the Trade Representation of the USSR to courts of the country of residence on the above disputes.

The liability under obligations of Trade Representations of the USSR, subject to above provisions, is borne by the Soviet State. By reflecting the principle of the separate liability of state and economic organizations fixed in the Fundamentals of Civil Legislation of the USSR and the Union Republics, Civil Codes of Union Republics, the Regulation on the All-Union Self-Supporting Foreign Trade Association within the System of the Ministry of Foreign Trade, and other rule-making acts, the Statute of 1982 provides that Trade Representations of the USSR are not liable for the obligations assumed by Soviet foreign trade and other economic organizations, and Soviet foreign trade and other economic organizations are not liable for the obligations accepted by Trade Representations of the USSR.

It is quite natural that a number of rules contained in the new Statute with respect to the activities of Trade Representations in a foreign state presupposes agreement of that foreign state with the regulation established in the Statute. Such an agreement is legalized by the conclusion of a corresponding international treaty between the USSR and the country of residence of the Trade Representation.⁷ Principles, rules and customs of international law, sovereign rights of the states, participating in a treaty, and their mutual interests are observed when concluding such kind of treaties. The new Statute on Trade Representations takes into account the previous trade treaty practice of the USSR and international agreements of the USSR in force which regulate the matters of establishment and operation of Trade Representations of the USSR. It is based on universally recognized principles and rules of international law and, to a certain extent, it generalizes international practice of relations of states in the field of foreign trade and other external economic activities. In many cases international treaties of the USSR contain provisions which directly correspond to the rules of the new Statute. Thus, practically all

treaties of the USSR with foreign states which establish Trade Representations of the USSR assure that the Trade Representation is a component part of the Embassy of the Soviet Union. At the same time the said international treaties are of great importance as an independent source of regulation of various aspects of activities of a specific Trade Representation (the detailed scope of privileges and immunities, questions related to the opening and legal status of branches of Trade Representations, and some other matters).

With these circumstances in mind, in Art. 7 of the Statute of 1982 it is provided that Trade Representations of the USSR are established on the basis of international treaties concluded between the USSR and states of residence. The establishment of branches of Trade Representations is provided for by the Statute (Art. 11) in the same manner.

As the rules of the Statute of 1982, regulating the questions of establishment and operation of Trade Representations of the USSR in foreign states, have been elaborated in accordance with the existing practice of international law, they do not contain any basically new elements and their realization is quite adequately taken care of by the already existing international treaties of the USSR. The above described provisions of the new law, which regulate duties, functions and rights of Trade Representations in their own activities and with respect to activities of other Soviet bodies and organizations, are of significantly greater importance for Trade Representations of the USSR, as well as for other Soviet bodies and organizations participating in foreign trade and other kinds of external economic activities.

While keeping the basic provisions of the previously existing regulation whose viability has been confirmed in practice, the new legislative act also reflects the new phenomena and trends in the field of economic ties of the USSR with foreign countries. The new Statute on Trade Representations of the USSR Abroad is for raising the effectiveness of the organization of foreign trade and other external economic activities of the USSR, widening the role and increasing the importance of Trade Representations in these activities.

FOOTNOTES

¹ Approved by the Decree of the Presidium of the Supreme Soviet of the USSR of September 29, 1982. (See *Vedomosti Verkhovnogo Soveta SSSR*, 1982, No. 40, p. 769). Put in force by the USSR Act of November 24, 1982. (See *Vedomosti Verkhovnogo Soveta SSSR*, 1982, No. 48, p. 895).

² *Vedomosti Verkhovnogo Soveta SSSR*, 1978, No. 28, p. 439.

³ Thus, Paragraphs 12-15 of the Statute of 1933 regulate activities of commercial agencies now non-existent. Paragraph 4 specifies the manner in which Trade Representations should carry out bill of exchange and other transactions, which at the present time are performed by Soviet economic organizations only in accordance with USSR legislation in force, etc.

⁴ In countries where there are no Trade Representations of the USSR, Commercial Counsellors of the Embassies of the USSR are in charge of matters of trade relations - Art. 3 of the Statute of 1982.

⁵ The provision that the Trade Representation is a component part of the Embassy in the country of residence was for the first time contained in USSR legislative practice in the Decree of the All-Russia Central Executive Committee and the Council of People's Commissars of October 16, 1922. See *Sobranie Uzakoneniy*, 1922, No. 65, p. 842.

⁶ Ratified by the Decree of the Presidium of the Supreme Soviet of the USSR of February 11, 1964. - See *Vedomosti Verkhovnogo Soveta SSSR*, 1964, No. 18, p. 221.

At the present time Trade Representations of the USSR, established on the basis of international treaties concluded between the USSR and states of residence, operate in 85 foreign countries: Australia, Austria, Algeria, Angola, Argentina, the ARE, Afghanistan, Bangladesh, Belgium, Benin, the People's Republic of Bulgaria, Bolivia, Brazil, the United Kingdom, the Hungarian People's Republic, the Socialist Republic of Vietnam, Ghana, Guinea, Guinea-Bissau, the GDR, Grenada, Greece, Denmark, Zambia, India, Indonesia, Jordan, Iraq, Iran, Iceland, Spain, Italy, the YAR, Cameroon, Kampuchea, Canada, Kenya, Cyprus, the People's Republic of China, the Korean People's Democratic Republic, Colombia, the Congo, Costa Rica, Cuba, the LPDR, Lebanon, Madagascar, Malaysia, Mali, Morocco, Mexico, Mozambique, the Mongolian People's Republic, the PDRY, Nigeria, the Netherlands, Nicaragua, Norway, Pakistan, Peru, the Polish People's Republic, Portugal, the Socialist Republic of Romania, Syria, Singapore, the Sudan, the USA, Sierra Leone, Thailand, Togo, Tunisia, Turkey, the Philippines, Finland, France, the FRG, the Czechoslovak Socialist Republic, Switzerland, Sweden, Ecuador, Equatorial Guinea, Ethiopia, the SFRY, Jamaica, and Japan. Besides the trade and economic interests of the USSR are represented in countries of residence by Offices of Commercial Counsellors at the Embassies of the USSR in Burma, Venezuela, Guyana, Zaire, the Republic of Cape Verde Islands, Ireland, Kuwait, Libya, Mauritius, Malta, Nepal, New Zealand, Rwanda, Senegal, Tanzania, Uganda, Uruguay, and Sri Lanka.

DOCUMENTS

Statute

on Trade Representations of the USSR Abroad*

Article 1. Trade Representations of the USSR in foreign states shall be organs of the Union of Soviet Socialist Republics, exercising abroad the rights of the USSR in the field of foreign trade and other kinds of external economic activities, including trade, economic and industrial cooperation, on the basis of state monopoly.

The rights of the USSR in the field of economic cooperation and extension of technical assistance in those countries where there are Counsellors for Economic Affairs of the Embassies of the USSR, shall be exercised by these Counsellors.

In their activities Trade Representations of the USSR shall be guided by the Constitution of the USSR, other legislation of the USSR, this Statute, and also by international treaties thereto the USSR and the states of residence are parties.

Article 2. Trade Representations of the USSR shall perform the following main duties:

(a) Represent the interests of the USSR in the countries of residence in all matters pertaining to foreign trade and other kinds of external economic activities;

(b) Promote the development of foreign trade and other kinds of external economic activities between the USSR and the countries of residence;

(c) Render assistance to Soviet foreign trade and other economic organizations vested in the established manner with the right to enter foreign markets, in the execution of foreign trade transactions with organizations and firms in the countries of residence;

(d) Monitor the implementation of international treaties on matters of foreign trade, and also of trade, economic and industrial cooperation, concluded between the USSR and the states of residence, participate in the elaboration of proposals and negotiations for the conclusion of such international treaties.

Article 3. Trade Representations of the USSR may, by the authority of the Council of Ministers of the USSR, perform duties listed in Article 2 also outside the countries of residence.

Commercial Counsellors of the Embassies of the USSR

* Decree of the Presidium of the Supreme Soviet of the USSR of September 29, 1982. (See *Prilozheniye k Zakonu SSSR*, 1982, No. 40, p. 769). Put in force by the USSR Act of November, 24, 1982. (See *Prilozheniye k Zakonu SSSR*, 1982, No. 48, p. 895).

shall be in charge of matters of trade relations in countries where there are no Trade Representations of the USSR.

Article 4. In accordance with the duties placed on them, Trade Representations of the USSR shall:

(a) Conduct work to implement the foreign trade policy of the USSR aimed at developing foreign trade and other kinds of external economic activities and to create most favourable conditions for this in the countries of residence;

(b) Protect the trade and economic interests of the USSR in the countries of residence;

(c) Study general economic and market conditions in the countries of residence and pass relevant information to the Ministry of Foreign Trade of the USSR and other state bodies of the USSR, as well as inform institutions and organizations in the countries of residence about economic and commercial conditions in the USSR;

(d) Participate in the work on the development of socialist economic integration of the CMEA member-countries and coordination of the state plans of the USSR and countries of residence; facilitate the implementation of long-term specific programmes of cooperation, bilateral long-term programmes of specialization and cooperation in production, and international contracts concluded for the purpose of their realization;

(e) Conduct work aimed at perfecting the structure of foreign trade, enhancing its effectiveness and developing new forms of foreign trade and other kinds of external economic activities of the USSR in the countries of residence;

(f) Effect, in the countries of residence, control over the observance by Soviet foreign trade and other economic organizations in the established manner of their vested right to enter foreign markets, of the legislation of the USSR on foreign trade and other kinds of external economic activities, and also control over the activities of these organizations;

(g) Assist Soviet foreign trade and other economic organizations to conduct negotiations, conclude and execute foreign trade transactions with organizations and firms in the countries of residence;

(h) Grant permission for the importation of goods to the USSR, for the transit of goods across the territory of the USSR and re-export of Soviet goods, issue certificates on the origin of goods and other documents necessary for carrying out foreign trade and other external economic activities of the USSR with the countries of residence;

(i) Participate in the work of intergovernmental commissions and committees on the matters of trade, economic, and industrial cooperation, international economic organizations and their working bodies on the

matters relating to foreign trade;

(k) Assist in holding national trade and industrial exhibitions of the USSR and the participation of Soviet foreign trade and other economic organizations in international exhibitions and fairs in the countries of residence;

(l) Perform other functions in accordance with legislation of the USSR and international treaties to which the USSR and the states of residence are parties.

Article 5. Trade Representations of the USSR may on its behalf and in the name of the USSR conduct transactions and other legal acts necessary to perform their duties, sue or act as plaintiff's representative in courts. Trade Representations of the USSR may appear as defendants in courts only in disputes arising from transactions and other legal acts performed by Trade Representations of the USSR in the countries of residence and only in those countries with respect to which the USSR expressed in international treaties, or, by way of a unilateral statement brought to the notice of the competent authorities in the countries of residence, its consent to subject the Trade Representation of the USSR to the courts of the country of residence on the above disputes.

Article 6. The Soviet State shall be liable for the obligations of Trade Representations of the USSR subject to the provisions of Article 5.

Trade Representations of the USSR shall not bear responsibility for the obligations of Soviet foreign trade and other economic organizations, and Soviet foreign trade and other economic organizations shall not be responsible for the obligations of USSR Trade Representations.

Article 7. Trade Representations of the USSR shall be established on the basis of international treaties concluded between the USSR and the states of residence.

Article 8. Trade Representations of the USSR shall, while being component parts of Embassies of the USSR in the countries of residence and enjoying privileges and immunities of the latter, be at the same time subordinate to the Ministry of Foreign Trade of the USSR.

Article 9. Trade Representations of the USSR shall be headed by Trade Representatives of the USSR who shall be appointed to posts and relieved from posts by the Council of Ministers of the USSR at recommendations of the Ministry of Foreign Trade of the USSR, agreed with the Ministry of Foreign Affairs of the USSR. The same procedure shall be used to appoint to posts and to relieve from posts Deputy Trade Representatives of the USSR and Commercial Counsellors of the Embassies of the USSR.

The Council of Ministers of the USSR shall, whenever necessary, issue instruments of power to Trade Representatives of the USSR for presentation to the competent authorities of the countries of residence.

Article 10. The Ministry of Foreign Trade of the USSR shall determine the structure of Trade Representations of the USSR and staff their personnel.

Article 11. Trade Representations of the USSR may have their branches in the countries of residence. They are established on the basis of international treaties concluded between the USSR and the states of residence.

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